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NEWS SUMMARY

GENERAL

West Bank and Gaza mayors call strike

An indefinite strike by municipal-service workers in the Israeli-occupied West Bank and Gaza Strip from Saturday has been proclaimed by 26 Arab mayors after weeks of anti-Israeli riots.

Essential services may be included later if Israel does not end its civil administration and reinstate four dismissed mayors.

In Geneva, the International Labour Organisation criticised Israel for Arabs' worsening work conditions in the territories. It said Arabs felt Israel was dispossessing them of heritage, means of existence and identity. There was child labour, inadequate job training and tight control of trade unions.

Cuban N-plant

Building of an 880 MW nuclear power-station in Cuba, its first, starts soon with Soviet aid.

House-starts rise

The number of house-starts in the first quarter was 43,000, indicating a housebuilding recovery. Page 9

Holiday bonus

Reintroduction of discount coupons by Italy means UK holidaymakers taking their vehicles can save 15 per cent to 20 per cent on petrol and toll costs. Page 7

Share for Wales

Wales can soon expect to start to share in the increasingly apparent improvement in the economy, the Welsh Secretary said. Page 12

Damages award

TV producer Desmond Wilcox was awarded £14,000 libel damages against Private Eye. The High Court also ordered the magazine to pay costs, estimated at £80,000.

Ulster blasts

A bomb on a hijacked petrol tanker exploded near a Strabane security checkpoint. An Ulster policeman was slightly injured in a bomb attack on his Co Down home.

'Moonies' ruling

The Unification Church of Rev Sun Myung Moon was ruled to be a religious organisation for tax purposes by New York State's appeal court.

Invalids aid

More state spending on people prepared to look after disabled and elderly relatives at home was called for by the Equal Opportunities Commission. Page 8

Poison warning

Police toured Leyland, Lancs, broadcasting warnings about a bottle of strychnine stolen from a chemist's.

Gambia victory

Gambia's President Sir Dawda Jawara was re-elected by a big majority. His People's Progressive Party kept control of the House of Representatives, winning 27 of 35 elected seats.

Briefly . . .

Beethoven's ninth symphony will be cut from the penultimate Promenade concert after 42 years, replaced by his Missa Solemnis.

Princess Anne will visit Canada from July 5-19 for official engagements.

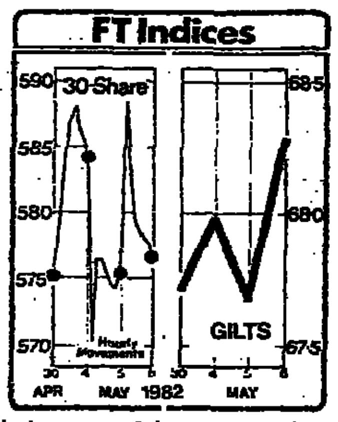
Foxhunting on its farmland was banned by South Glamorgan county council.

Greece was shaken by earth tremors.

BUSINESS

Record high for actuaries index

● EQUITIES: the FT 30-share index closed 1.5 higher at 576.9. The FT-Actuaries 500 share index rose 1.4 per cent to a record high of 361.78. Page 39



● GILTS: the Government Securities Index jumped 0.61 to 68.28—its biggest one-day advance since the Falklands crisis. Page 39

● WALL STREET was 8.56 up at 863.01 near the close. Page 38

● STERLING gained 1.475 cents on the day to close in London at $1.8205. It rose to DM 4.205 (DM 4.1875), FFr 10.98 (FFr 10.925) and Y424.5 (Y422.5), but slipped to SwFr 3.4925 (SwFr 3.495). Its trade-weighted index was 90.1 (89.6). Page 40

● DOLLAR fell to DM 2.3095 (DM 2.3175), FFr 6.0325 (FFr 6.0525). SwFr 1.92 (SwFr 1.9575) and Y233.25 (Y233.85). Its trade-weighted index was 112.2 (112.6). Page 40

● GOLD fell $0.25 to close in London at $336.25. In New York the Comex May close was $332.5 ($337). Page 40

● MONETARY EXPERTS in the New York-based Group of Thirty called for U.S. intervention in currency markets to help control dollar swings. Back Page

● BUNDESBANK dropped the "special" Lombard interest rate introduced to defend the D-mark in February 1981. Back Page

● COURT hearing a claim by 20 international airlines over landing charges at Heathrow ordered the Trade Department to produce 260 government papers on British Airports Authority policy. Back Page

● LLOYD'S is inquiring into the renewal of aviation insurance for the Australian airline Quantas following allegations of "certain irregularities." Page 12

● U.S. wants a prearranged quota to restrict credit offers by its allies to the Soviet Union. Back Page

● U.S. COMMERCE Department is objecting to the possible effects of planned EEC legislation on U.S.-based multinationals. Back Page

● BMW, the West German car maker, is seeking DM 160m (£38m) from shareholders in its first rights issue for four years. Page 35

● BRITISH SUGAR forecast taxable profits of about £60m for the current year. Its taxable profits for the 26 weeks to March 28 were £31m (£18.1m). Page 26, Lex Back Page, Director resigns, Page 9

● ROYAL BANK of Scotland Group report unchanged pre-tax profits of £43m for the six months to March 31. Page 30, Lex Back Page

● UDS GROUP, the multiple stores chain, reported pre-tax profits of £13.74m (£16.24m) for the year to January 30 Page 26, Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchqr 13½ pc '87	£97¾	+ 1
Treas 11½pc '03-07	£91⅛	+ 1⅛
AGB Research	280	+ 10
BAT Inds	463	+ 13
Beecham	289	+ 6
Brent Walker	91	+ 6
Brit Aerospace	206	+ 6
Brit Sugar	500	+ 10
Commercial Union	151	+ 5
Eurotherm	405	+ 18
Ferranti	700	+ 12
General Accident	294	+ 4
GEC	874	+ 14
Glaxo	629	+ 9
Hambros	142	+ 7
Hay (Norman)	48	+ 6
Lloyds Bank	405	+ 11
Mross Bros	165	+ 15
Pearson Longman	346	+ 11
P and O Dfd	151	+ 8
Pilkington	248	+ 11
Plessey	405	+ 10
Racal Electronics	405	+ 10
Stnd Chartered	675	+ 40
Utd Scientific	358	+ 18
Cultus Pacific	18½	+ 3
Malaysia Mining	82	+ 6
Western Mining	232	+ 7
York Res	21	+ 3

FALLS

MY Dart	24	− 3½
Mngt Agency Music	99	− 9
Raybeck	38	− 3
Royal Bk Scotland	102	− 4
UDS Group	56	− 18
East Rand Props	398	− 18
Gencor	750	− 50
Grootvlei	329	− 25
Simmer and Jacks	130	− 15
Transvaal Cns Ld	220	− 1
UC Investments	420	− 40

TWO HARRIERS REPORTED LOST

Two Harrier jump jets with the Royal Navy task force are reported to have been lost and their pilots killed.

However it was reported last night that the two vertical take-off fighters were involved in an accident. They were apparently not shot down by Argentine fire.

The precise nature of the accident was not clear. There were reports that it involved aircraft based on the carrier HMS Hermes, the task force flag ship.

The Ministry of Defence described the loss of the aircraft as "speculation".

Official spokesman have never confirmed the precise number of Sea Harriers with the task force, but the 19,000 ton Hermes is believed to carry about 12 and HMS Invincible, the other carrier with the group, eight to 10.

So far the task force has lost one other Harrier — in an attack on Tuesday night on Goose Green airstrip on East Falkland.

The loss of three Sea Harriers out of about 20 must be a serious blow to the task force. The aircraft are needed to give air cover to war ships and to try to establish air superiority over the 200-mile total exclusion zone which Britain has established around the Falkland Islands.

The loss of HMS Sheffield destroyed earlier this week by a missile fired from an Argentine fighter which was within the zone shows how tenuous is Britain's control of the Falklands air space.

Hopes of Falklands ceasefire collapse

BY PETER RIDDELL AND DAVID TONGE IN LONDON AND JIMMY BURNS IN BUENOS AIRES

DIPLOMATIC efforts to resolve the Falklands crisis received a sharp setback last night when hopes collapsed of agreement on a ceasefire to take effect this afternoon.

In London, the Foreign Office said last night that Argentina had rejected Peruvian proposals aimed at stopping hostilities between Britain and Argentina. But there was no immediate confirmation of this from Buenos Aires.

Mr Francis Pym, the Foreign Secretary, said he was "deeply disturbed at Argentine intransigence" and that the latest proposals put to Buenos Aires would have resulted in a cease fire taking effect from 5 pm London time this afternoon. He is to make a full statement to the Commons this morning.

However, his statement came after a day when both sides had repeated their tough negotiating positions over the Falklands crisis, causing fears to mount that the two sides' casualties and nearly a week of intense diplomatic activity have yet to bridge the gulf between them.

In the Commons yesterday, Mrs Margaret Thatcher, stressed that British acceptance of any proposals for a cease fire was dependent upon fully supervised withdrawal of Argentine forces from the Falkland Islands. In Brussels, Mr John Nott, the Defence Secretary, said: "We are perfectly prepared to accept a ceasefire that would run concurrently with Argentine withdrawal."

However, in Buenos Aires Sr Amadeo Frugoli, the Argentine Defence Minister, said Argentina would insist on a cease fire before even accepting United Nations mediation in the dispute. He also repeated Argentine demands that Britain recognise Argentina's "undeniable rights of sovereignty" over the Falklands.

There was intensive diplomatic activity yesterday, involving Mr Alexander Haig, the U.S. Secretary of State, the Peruvian Government, and the UN. It was centred primarily on clarifying peace proposals, with no evidence so far of any significant progress.

The intensification of diplomatic efforts came alongside the first indications of a drop in public support for the British Government's policies and, in particular, for the military actions earlier this week.

Meanwhile in the Commons Mrs Thatcher suggested that the apparently favourable Argentine response early yesterday morning to ideas put forward by the UN could be a "ploy" to keep possession of their ill-gotten gains. "We are right to be very wary of it. There can be no ceasefire unless it is accompanied by a withdrawal which is fully and properly supervised," she said.

There has, nevertheless, been a clear change of emphasis in British policy in the last few

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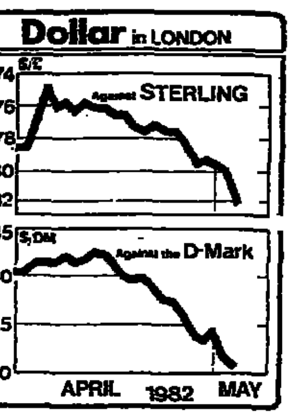
FALKLANDS WEATHER: Wind N.W., force 5 (20 knots), 8 ft waves. Cloud increasing; scattered showers. Visibility generally good. Temp. mid-40s F. Outlook: Winds shifting S, more cloud, cooler.

Falklands crisis, Page 4
Cabinet response to UN positive, Page 12
Politics today, Page 25
Lombard, Page 25

20 of Sheffield's crew presumed dead

A total of 20 officers and men serving on HMS Sheffield were missing, presumed dead, the Ministry of Defence announced last night. There was one serious injury among the 24 crewmen hurt when the destroyer was attacked.



Pound gains ground as dollar slips

By David Marsh

STERLING gained ground in London yesterday as the Dollar fell generally on hopes of a further cut in U.S. interest rates after the American budget compromise.

Confidence on the London financial markets recovered slightly after the pound's fall on Wednesday and foreign exchanges took comfort from the lack of further hostilities in the Falklands confrontation.

Sterling closed in London at $1.8205, up 1.475 cents from Wednesday, and also rose against Continental currencies. Its overall trade-weighted index rose to 90.1 from 89.6.

The pound appeared to profit from the cut in interest rates in West Germany yesterday, rising to DM 4.2050 from DM 4.1875, and also gained against the French franc and yen.

In spite of the Bundesbank's credit easing action — which generally came as little surprise — the D-Mark made further gains against the dollar, which closed in London at DM 2.3095 against DM 2.3175.

The main influence on the markets apart from the Falklands dispute was the compromise agreement over the American budget, which should pave the way for an easing of interest rates in the U.S. and around the world.

The relative firmness of sterling has come in spite of the loss of HMS Sheffield announced on Tuesday evening and the continuing diplomatic impasse between Britain and Argentina.

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Money Markets, Page 40
Bundesbank ends "special" Lombard Rate, Back Page

Reagan agrees surprise budget deal in Senate

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan yesterday endorsed a new budget plan, designed by the Republican majority on Senate Budget Committee to reduce the 1983 federal deficit to $105bn.

The plan was agreed between the committee's chairman, Senator Pete Domenici, and Mr David Stockman, the White House Budget Director, on Wednesday night, within hours of the committee's unanimous rejection of the president's original Budget, which would have produced a deficit of $132bn.

The sudden compromise between the White House and the Senate Republicans, after three months of bitter disagreement, was described as "miraculous" by Mr Howard Baker, the Senate majority leader. Mr Reagan said in a brief statement yesterday that it was a "balanced and fair" agreement, and that it should reassure the financial markets, which have been seriously demoralised by the Budget stalemate.

However, while passage through the Republican-dominated Senate is now very likely, congressional officials said it was much too early to say whether the plan would win enough backing from conservative Democrats to get through the House of Representatives, which has a Democratic majority.

Even the apparent unity between the Republican Party and the White House may be deceptive because the new proposals on the most contentious issues—taxes and social spending—are very vague. They could still provoke bitter disagreements when the time comes for clarification.

The key elements of the plan are:

● Savings of $40bn over three years on social security pensions through unspecified reforms. Options would include an increase of social security payroll taxes or a cut in benefits, but the cost of living increase due in July will not be affected.

● Increases of $95bn in revenue over three years. No new taxes are specified, but some senators have said that the money could only be raised by repealing the 1983 tax cut which President Reagan regards as the cornerstone of his economic programme.

● Cuts of $22bn in the military budget proposed by the President. The savings would amount to $5bn in 1983, $7bn in 1984 and $10bn in 1985.

● A freeze of most other public-spending programmes for three years, and a one-year freeze on military and civil service pay and pensions.

President Reagan—sudden compromise

● Other welfare cuts amounting to $33bn and $33bn in "management savings" through elimination of fraud, waste and abuse.

The new plan differs from Mr Reagan's original budget mainly in its bigger provision for tax increases and the proposal for savings on social security pensions.

Other welfare programmes are treated somewhat more generously in the new plan. The savings and tax increases proposed for 1983 total $77bn, compared with President Reagan's proposal of $56bn.

The "deficit reductions" were described yesterday as "totally unfair" by former Vice-President Walter Mondale, a leading Centrist in the Democratic Party.

Mr "Tip" O'Neill, the Speaker of the House of Representatives, said the plan includes "the major defects of Reaganomics." It still provided for "walloping" increases in defence spending, cuts in social security and maintained unfair tax proposals, he said.

In an unusual display of party unity, all nine Democrats on the Senate Budget Committee opposed the plan when it was put to the vote.

Group of Thirty urges dollar intervention, Back Page

£ in New York

—	May 5	Previous
Spot	$1.8055-8075	$1.8030-8050
1 month	0.34-0.37 pm	0.38-0.40 pm
3 months	0.77-0.80 pm	0.77-0.79 pm
12 months	2.15-2.25 pm	2.20-2.30 pm

1m in public sector awarded 6%

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT yesterday announced it would pay increases of about 6 per cent to nearly 1m public sector workers, all but ending its hopes of containing a substantial section of its own workers to rises of 4 per cent.

The decision has angered doctors and dentists—whose pay review board recommends a 9 per cent increase—and infuriated other health service workers.

Only one group—the non-medical staff in the National Health Service—still face a 4 per cent offer. There are no signs of a softening of the Government line.

Mr Albert Spanswick, general secretary of the Confederation of Health Service Employees, said last night that "the offer to doctors will make them furious and stiffen their resolve to fight the current industrial action to the end."

The decisions, announced in the Commons yesterday by the Prime Minister, were:

● To accept the award of the Civil Service Arbitration Tribunal for increases to 500,000 white collar civil servants ranging from 4.75 per cent 6.25 per cent, an average rise of 5.9 per cent, at a cost of £245m;

● To accept the report of the armed forces pay review body to pay 340,000 service men and women increases averaging 6.1 per cent:

● To reject a recommendation from the doctors and dentists review body for increases averaging, in effect, 9 per cent, and instead to increase pay for the 80,000 doctors and dentists by 6 per cent.

The British Medical Association has protested at the award, saying the Government refused to restore a 3 percentage point cut made in its award last year.

It said: "The professions are being asked to forego about £50m in addition to that which was withheld last year."

Mrs Thatcher said in a written answer to the Commons that the "cost of implementing the Government's proposals would be met in part within existing cash limits, in part from the contingency reserve."

Mr Barney Heyhoe, a treasury minister, said the extra cost of meeting the 5.9 per cent award to civil servants — up £75m from the £170m cost of the Government's 4 per cent offer — would be met largely by accelerated staff cuts and other economies.

Details, Page 10

Row as THF seeks Savoy board seat

BY JOHN MOORE, CITY CORRESPONDENT

TRUSTHOUSE FORTE, the world's largest hotel, catering and leisure group, is attempting to place its vice-chairman and chief executive, Mr Eric Hartwell, on the board of the Savoy Hotel empire.

The move has sparked a major row between Savoy and Trusthouse Forte, its biggest shareholder, which mounted an unsuccessful £67m bid for the Savoy last year.

Trusthouse Forte have put forward two resolutions to be considered by Savoy shareholders at their annual general meeting later this month. The resolutions, disclosed in the Savoy report and accounts published yesterday, call for an increase in the maximum number of Savoy directors from 11 to 12 and the appointment of Trusthouse Forte's vice-chairman and chief executive to the board.

The Savoy directors, who control more than 50 per cent of the votes, are opposing the moves and say they will be asking shareholders to vote against the resolutions.

Trusthouse argues that because the Savoy is already technically a subsidiary the group should have board representation.

"We do own over 65 per cent of the shares, so surely it is only equitable and in the interests of all shareholders that we should have one director out of 12," said Trusthouse.

Notification of its proposed resolutions went to the Savoy board a fortnight ago. A Savoy spokesman dismissed the move yesterday. "Would you have a piranha in the bath with you? If you had a predator who was keen to take you over would you ask them to have a seat on the board? We will certainly be asking shareholders to vote against these resolutions."

The report by the directors of the Savoy says that Sir Hugh Wontner, the group chairman, will be retiring from that office next year. In the meantime he is offering himself for re-election at the annual meeting.

CONTENTS

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Christian Democrat vote could bring early Italian election

BY RUPERT CORNWELL IN ROME

THE ELECTION of Sig Ciriaco de Mita as the new secretary of Italy's Christian Democrats has done nothing to improve the stability either of his own party or of the coalition Government, of which it is the most important member.

Sig de Mita was elected early yesterday by the direct vote of the Christian Democrat congress. But his winning margin over Sig Arnaldo Forlani, his only rival, was significantly smaller than expected. This means there will be wider opposition within the party to the tougher line with the Socialist Party that Sig de Mita is expected to adopt.

To that extent, therefore, hopes that the congress would forge a strong unity behind a new leader are likely to be in vain. The repercussions for the already battered five-party Government, headed by Sig Giovanni Spadolini, may not be long delayed.

The 54-year-old Sig de Mita, previously deputy secretary of the party and several times a government minister, comes from the Christian Democrat Left, keen on greater co-operation with the opposition Communists. His power base is the city of Avellino, some 30 miles inland from Naples.

It is almost 13 years since he attracted wide public notice with the then revolutionary proposal for a "constitutional pact" between the Christian Democrats and the Communists. But the Socialist Party has not forgotten and remains deeply suspicious of his intents.

During his acceptance speech, Sig de Mita insisted that there was no choice for the moment other than the five-party coalition of Republicans, Christian Democrats, Socialists, Social Democrats and Liberals.

His declaration that the Christian Democrats, however buffeted by scandal and recent electoral setbacks, were not "up for sale," was an open warning to the Socialists that Italy's largest party was not prepared to tolerate the provocations that have lately brought the Spadolini administration to the brink of collapse.

This uncompromising stance could make it even more difficult for the two parties to work together in Government. It is already certain that the five partners will be meeting shortly to consider the future of the 10-month-old administration. Many observers consider that Sig de Mita's election has increased the chances of an early general election this autumn, or next spring, at the latest.

Ten days in June could decide Schmidt's fate

BY JONATHAN CARR IN BONN

THE FIRST 10 days of June could be crucial for the future of Chancellor Helmut Schmidt and his strained West German coalition Government.

Most attention has focused so far on the important state election in Hesse in the autumn as the best guide to whether the left-liberal alliance in Bonn can stick together. But political analysts here now believe that events in early June may go far to decide the Government's fate.

For one thing, Herr Schmidt's Social Democrat Party (SPD), which has been slumping badly in opinion polls, faces an election in the Chancellor's own city of Hamburg on June 6. For another, Herr Schmidt will be much in the limelight both at the Western economic summit conference in Versailles, just before the Hamburg polling, and at the Nato summit in Bonn on June 9 and 10.

A passable result for the SPD in Hamburg and a good showing by the Chancellor at both international gatherings would strengthen, it is suggested, Herr Schmidt's personal position and stabilise the Bonn coalition.

Specifically, it would help stem criticism of Herr Schmidt from the left-wing of the SPD and make it harder for the Free Democrat Party (FDP), the junior coalition partner, to break away from the alliance. The FDP, worried about losing voter appeal because of its attachment to an unattractive partner, has long been toying with the idea of a break. But it also fears for its public credibility if it tries to switch allies. This fear, it is argued, would be greater still if the Chancellor's prestige grows.

On the other hand, a Hamburg defeat for the SPD, which gained 51.5 per cent of the vote at the last election there in 1978, would be seen as a serious blow to Herr Schmidt on his home ground.

His position would be weakened further if the "peace demonstrations" already announced for Bonn during the Nato summit either turn to violence or simply capture more attention than the meeting itself.

Clearly aware of the risks, the Chancellor is throwing himself strongly into the Hamburg election campaign over the next few weeks. He is also pressing for a Nato communique stressing both "military preparedness and detente" as twin pillars of the Atlantic alliance, a stand with which few in either coalition party will be able to quarrel.

Jaruzelski given little chance of success

By Christopher Bobinski in Warsaw

POLAND'S military regime has been told its policies have little chance of success. The warning comes in a report by "Experience and the Future," a group of prominent economists, sociologists and journalists set up in the late 1970s.

It sees events in Poland developing in three possible ways. The one it believes Gen Wojciech Jaruzelski favours most is to try to reimpose near-total control over the population and hope that economic reforms will improve conditions sufficiently to defuse discontent.

This includes an effort to reduce repression to a minimum and seek support from the population. The report, however, thinks the public is unlikely to be taken in by this approach.

Another policy, which the group says is supported by a significant section of the establishment and probably by Moscow, is to "eliminate from public life people and institutions which are a threat to the authorities" and to "aim at centralising decision-making in all possible fields."

The report warns that a lack of imagination and fear of the population is likely to incline the authorities to follow this policy. "This variant contains the least risks and does not require any political experimentation. The only risk is that of total confrontation," it says.

A third alternative, urged by the group itself, demands changes in the political system which would lead to co-operation between rulers and ruled and give the people, including the trade unions, more rights, while containing guarantees for the authorities. Such a course is only likely to be pursued, it admits, if there is a fundamental change in the way the Government sees its role.

Danish construction

The Danish building industry suffered a serious setback last year, writes Hilary Barnes in Copenhagen. The area of building completed fell 33 per cent from 10.3m to 7m sq metres, finished houses were down by 36 per cent and business construction by 35 per cent.

Nimrods for Nato

Britain has formally integrated 11 RAF Nimrod aircraft into Nato's fleet of flying radar stations, the Supreme Headquarters of the Allied Powers in *Europe said* yesterday, Reuter reports from Brussels. They will form part of an airborne early warning force against attack. Twelve other *Nato countries are taking* part.

Waldheim injured

Dr Kurt Waldheim, the former United Nations secretary-general, was injured in a street accident in Vienna yesterday, AP reports. Doctors said he suffered concussion and bruises.

Explosion in Oslo

Several thousand flats and houses were damaged in Oslo *yesterday when a container* holding about 1.3 tons of dynamite exploded early yesterday, AP reports. No one was seriously hurt although hundreds of people fled in panic into the streets.

Torpedo goes off

The Torpedo Vladimir team has been expelled from the Soviet soccer league for violating "moral-ethical norms of behaviour and showing shortcomings in political work," *Reuter reports from Moscow.*

Bundesbank eases its tight monetary reins

BY STEWART FLEMING IN FRANKFURT

"WE DO not want to find ourselves in a Japanese situation" was how one top German official described part of the longer term thinking behind yesterday's decision by the Bundesbank, the West German Central Bank. After 15 months, the Central Bank abandoned the "special Lombard" system through which it has steered short-term German interest rates during the economic crisis of the past year.

Behind the remark lay the recognition that, with the Federal Republic facing the need to justify a trade surplus this year of around DM 50bn to industrial partners, it would be wise for the Central Bank not to appear to be pursuing an "excessively restrictive" monetary policy. To do so would be to invite the criticism, most immediately at the forthcoming world economic summit in Versailles, that Germany is doing too little to help pull the international economy out of recession and to spread the burden of trade imbalances more equally, now that it has made such progress in easing its own external economic problems.

It is perhaps a measure of the progress that has been made, since the crisis of confidence which threatened to swamp the German currency on the foreign exchanges at the beginning of last year, that such political considerations can play even a small part in the Bundesbank's monetary policy decision-making today. Another sign is that, even as the German Central Bank was announcing new measures aimed at lowering German interest rates, the Mark was continuing its three-week-old rally on the foreign exchanges. It was fixed against changes.

The recent performance of the D-Mark provides some evidence that, since the low point of DM 2.57 against the dollar last August, the German authorities have been able to achieve a considerable measure of "de-coupling" of the German currency from the dollar and dollar interest rates. Growing scepticism about "Reaganomics" has something to do with that success. Bundesbank officials remain uncertain about just how big an interest rate spread between D-Mark and dollar rates can be achieved without adverse reactions for the D-Mark, however. This is one reason why the German Central Bank is treading warily.

But the sensitivity with which the Bundesbank, since it cut its special Lombard rate from 12 per cent to 11 per cent in October, has nursed the markets through this phase of falling interest rates has been a tour de force of its bankers' skills. By not pushing either the domestic money markets or the foreign exchanges, too far too fast, it has helped to restore confidence in the German currency. At the same time, it has done enough to prevent domestic critics of its monetary policy of high interest rates getting the upper hand.

The Lombard rate is an interest rate at which the Bundesbank provides short-term funds to the banks. In February of last year, to counter the threat to the German economy posed by Germany's world record 1980 DM 30bn current account deficit, rising inflation and a plunging mark, the Bundesbank overnight introduced a "special" Lombard system at 12 per cent. This was fully three percentage points higher than the 9 per cent level then prevailing.

Central Bankers are great ones for symbolism. If the foreign exchange markets see in this step an expression of increased confidence in the economic outlook by the German authorities and, particularly, if domestic businessmen draw the same conclusion and begin to take a closer look at revising upward their investment plans, then so much the better in the Bundesbank's eyes.

The German economy has had to pay a high price over the past 18 months in order now to be at the point at which economists are confidently predicting a balanced current account in 1982 and 4 per cent inflation by the end of the year. Unemployment nearly reached 2m at the beginning of the year (more than double the 1980 level) and the domestic economy is locked deep in recession, with much-needed capital investment spending heading for a 5 per cent drop this year.

The weak economy, and the need to hold domestic critics at bay by keeping the process of monetary relaxation moving, provide part of the explanation for the Central Bank's moves. Lower German interest rates may also help to ease short-term tensions within the European Monetary system. The Central Bank probably also wants to ensure that the German currency does not rise too strongly in the coming months offsetting some of the advantages won by German exporters just as export growth in a number of markets—Opec, in particular—is showing signs of slowing.

The fact that the Lombard cut was held to one half a percentage point indicates however that the Bundesbank is still following what was described yesterday as a "cautious but not timid" policy of monetary relaxation. With corporations still paying 12.5 per cent for short-term loans (compared with 14-15 per cent late last year), and consumers paying over 14 per cent (against a peak last year of 17 per cent and more) the Bundesbank cannot be accused of following an "easy money policy." Companies are still facing "real" interest rates of 7 per cent.

Provided that the domestic economy does begin to revive as expected in the second half of the year, or early in 1983, the Bundesbank must feel that there is nothing much to be gained from a more expansive monetary policy.

Moscow forces its partners to face reality on energy

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

EASTERN EUROPE, generally poor in energy resources and inefficient in their use, has become the Soviet Union's biggest energy problem in the 1980s and can no longer count on the cushion of Soviet support which it enjoyed in the past decade.

This is the conclusion of a study by Mr Jonathan Stern, published this week by the British Institutes' Joint Energy Programme. It warns that obtaining increased oil supplies for its East European allies may become an important factor in Soviet foreign policy towards oil producing countries. This, in turn, should worry both the Opec countries and those Western nations which depend on Opec oil, Mr Stern says.

Faced with peaking oil production and a faltering domestic economy, the Soviet Union has already begun to remove the energy cushion from under its partners. Overall Soviet oil shipments to Comecon will not increase up to 1985, and some East European countries in fact are having to take a 10 per cent cut.

To only a limited extent is Moscow apparently willing to offset these oil cuts with gas and electric power suplies. Total Soviet energy deliveries to East Europe are exected to rise by 20 per cent in 1981-85, compared to 43 per cent in 1976-80.

Having been sheltered by the Soviet Union from world oil price surges in the 1970s, Eastern Europe is now having to make a sharp adjustment. This is accentuated by the Comecon formula which bases Soviet oil prices on a five-year moving average of world prices. Thus, the 1979-80 world price rises are catching up with a vengeance on East European countries and the cost of Soviet oil to Comecon will go up by 29 per cent this year, at a time when countries like Poland can least afford it.

The East European energy crisis is already evident, Mr Stern notes, from the cold buildings, unheated and unlit public transport and restrictions on private use of petrol to be found in many of the region's cities. Significant savings could be made by importing more fuel efficient capital equipment, but few Comecon countries have the cash to do this in a big way.

Commenting on the recent transatlantic dispute over the Soviet-West European gas pipeline, Mr Stern says that buying Siberian gas may present Western Europe with some security of supply problems, but "these are less acute than those of available alternatives."

"East European Energy and East-West Trade in Energy," available from Policy Studies Institute and Chatham House, £4.50.

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Polls victory underlines support for Suharto

By Richard Cowper in Jakarta

THE OVERWHELMING general election victory for Indonesia's army-backed "new order" régime paves the way for General Suharto's re-election for a fourth term as President when the nation's highest decision-making body, the upper house, meets in a year's time to elect a new president and vice-president.

President Suharto has already made it clear that he intends to stand again. Both the powerful 300,000-strong armed forces and the ruling Golkar Party have already declared their support for his candidacy.

But how peaceful a process this will be, however, remains uncertain. *On the surface at least*, the third landslide victory in a row by the Golkar Party this week firmly underlined the country's popular support for President Suharto and his economic and political policies.

With 90 per cent of the 82m potential votes already counted, Golkar seems set to take at least 224 of the 364 contested seats, which along with 96 presidential appointees go to make up the national parliament (DPR).

Much will depend, however, on whether the public accepts this result as reasonably fair. *There have already been the* usual charges of fraud and vote-rigging by both the country's opposition parties—the Moslem United Development Party (PPP) and the Christian-Nationalist Party (PDI).

So long as the Government is seen to investigate them carefully and providing that there is no public feeling that people have been cheated of their rights, these charges could quickly fizzle out, leaving President Suharto more firmly in control than ever.

There is an outside chance, though, that the protests may gain political momentum, in which case the year long run-up to the Presidential election could be fairly violent.

Surprise

Both the Government and political observers were caught by surprise at the level of violence during the general election.

With many having expected the Moslem PPP to emerge as a clear winner in Jakarta, some diplomats, at least, fear that Golkar's surprising win in the capital could presage more violence in the next year.

With a large and generally underpaid industrial workforce in Jakarta, the Government has for some time been seriously concerned at what it sees as a deterioration in industrial relations there. If this were coupled with resentment of the Government's political policies, it could prove dangerous.

The extent of resentment—if any—at Golkar's overwhelming victory will become clearer in coming weeks.

Opposition parties were allowed for the first time to have witnesses at local polling booths to watch the votes being counted. They may find it difficult, therefore, to prove any allegations of widespread vote-rigging or fraud.

It is clear that President Suharto is virtually certain to be re-elected. And it is the DPR, together with an additional 460 members, mostly appointed by the President or his representatives, *who will* make up the upper house (MPR) which wil choose the country's new president next year.

Hong Kong commuters queue to ride an affordable risk

BY ROBERT COTTRELL IN HONG KONG

IF HONG KONG's mass transit railway corporation can manage the schedules for its trains as efficiently as it can those for its construction, passengers are in for a smooth ride on the fast-expanding system.

On Monday morning, acting Governor Sir Philip Haddon-Cave opens the second leg of the system, the Tsuen Wan extension. This 10.5 km line runs from the north-west of the New Territories down to Kowloon, where it joins the "modified initial system" MIS which connects Kwun Tong in the south-east New Territories to Central District on Hong Kong island, the Tsuen Wan extension has been completed six months ahead of schedule, and within the projected budget of HK$4.1bn (£398m).

The new line will take the MTR past the million-a-day passenger mark. It is expected to attract an initial 400,000 passengers a day in its early stages, rising to twice that level in the longer-term. The MIS already *carries 730,000, up from 562,000* at the start of last year.

There is more to come. The island line, running along the north shore of Hong Kong island, is due to open in 1985-86 at a projected cost of just under HK$11bn. Civil engineering work is already under way on the 12.5 KM line, with some *HK$5bn of contracts already* awarded. An extension of the MIS beyond Kwun Tong to a potential new town at Junk Bay is also being discussed with the Government.

The Mass Transit Railway Corporation's equity backing comes from the Government, but it also derives a substantial amount of funding by offering property developers a joint venture interest in sites over the new stations on a tender basis. The companies put up the money for the property development, providing the MTR with a station beneath, and then split future development profits with the MTRC on a negotiated basis.

Though the Hong Kong property market is now sagging, the MTRC says its conservative estimate is that island line development partnerships will yield profits equal to at least 40 per cent of the line's construction cost.

One property company, Hang Lung Development, has won itself a niche in Hong Kong corporate history by leading consortia which snapped up all nine island line developments so far contracted. The commitments of the consortia total over HK$10bn, roughly equivalent to *the Hong Kong Government's* capital spending in the last financial year. Hang Lung's own one-third share of the commitments amounts to five times the shareholders' funds shown in its balance sheet last autumn.

The sums are large from the Government's point of view, too. It gave the MTRC a further HK$3.5bn equity injection last year, mainly to prepay medium-term debt, taking its equity stake up to HK$4.7bn.

Mr John Bremridge, the Financial Secretary, forecast in his February budget that Government guarantees for MTR debt would rise from HK$3.9bn in March 1982 to HK$6.8bn in March, 1986. This compares with Government fiscal reserves at the beginning of the current financial year totalling HK$ 23bn.

It is hardly surprising that Hong Kong took several long deep breaths before deciding on mass transit. The initial recommendation came from a general transport study in 1967, followed by a more specific one three years later. The MTRC was set up in September 1975, and the first section of the MIS opened in 1979.

The MTR faced vigorous opposition in its theoretical stage from Sir John Cowperthwaite, Financial Secretary until 1971 and an arch free-marketeer. The project also received and survived uncommonly strong criticism in the Legislative Council when enabling legislation was debated.

A more recent and still *simmering* row concerns the island line property development projects. Local property companies who competed at the tendering stage are said to be concerned by what they see as unexpectedly favourable timetabling for Hang Lung to meet its large commitments.

In particular, the MTRC *appealed against the premiums* payable to the Government as freeholder for the development of two sites. The appeals resulted in the premium payments being delayed. In one case, Cotton Tree House, the premium was reduced and the result of the second appeal is expected shortly. The MTRC, meanwhile, *has been at pains* to argue that its actions have been procedurally correct and conferred no unfair advantage on Hang Lung.

The MTRC could have done without this latest row, but its recently-published annual report paints a generally happy picture. Thanks to the Government equity injection and a load factor of over 70 per cent on the MIS, MTRC chairman Mr Norman Thompson reported a cash surplus in recent months on he MIS, afer meeting cash outgoings including loan servicing.

While Tsuen Wan loading remains o be seen, Mr Thompson says he is confident that the two lines will be in "at least a breakeven and probably a profit position" in 1984.

MTR journey times are swift, and fares are relatively low. The average weekday fare at the end of 1981 was just HK$1.86, despite an average 20 cent rise in May.

The 1981 MTRC accounts show a HK$491m net loss, marginally down from last year's HK$504m. Debt profile has also been carefully managed with the aid of Government equity and favourable fixed-interest rate agreements *with export credit authorities in* France, Japan and the UK, setting an 8½ per cent interest rate ceiling on 40 per cent of island line construction outlay.

For a non-interventionist economy like Hong Kong, the MTR has been an extraordinary commitment. Its HK$10.2bn net assets equal an investment *of HK$2,000 from every* member of the population. But it demonstrably meets a public need, and with accumulated losses of HK$1bn representing just HK$200 per head, the risk has so far been affordable.

To travel may not mean to arrive

TRANSPORT CAUSES everything but delight in Hong Kong, as Mr Alan Scott, Transport Secretary, told the legislative council on Wednesday while introducing a swingeing package for car owners. To howls of pain from the local Automobile Association. Mr Scott said he wanted to triple annual licence fees, double registration taxes, and raise duty on light oils by 40 per cent, Robert Cottrell writes.

The increases are dramatic, but if anything less so than the arguments which Mr Scott adduced in their favour. Hong Kong has, he said, 217,000 private cars, 282 for every kilometre of road—less than 12 feet per car.

By 1991, he continued, there could be as many as 400,000 cars—"making it necessary to duplicate much of the existing urban road network . . . double decking miles and miles of existing roadway, and the wholesale destruction of private property."

Could it get worse? Apparently so. For even at today's level of ownership, only 17 per cent of Hong Kong households own or have the use of a car. Compare that with Britain's 60 per cent, said Mr Scott, and the implications are "unthinkable."

Already, the Hong Kong police issue a traffic congestion warning only where speeds have been reduced to 2 or 3 mph. In one week in mid-March, such points of congestion averaged 46 per day.

Better traffic management? If the capacity of a given stretch of road were increased 10 per cent, Mr Scott said that capacity would be taken up by additional vehicles in less than a year.

The growth rate of vehicles has to be cut back to a manageable 5 per cent per annum, he said, against an average 8.4 per cent over the last decade. "I beg to move," he concluded, echoing the sentiments of his constituents outside.

Philippines Supreme Court resigns

By Emilia Tagaza in Manila

THE 12 JUDGES of the Philippine Supreme Court, including Chief Justice Enrique Fernando, handed in their resignations to President Ferdinand Marcos yesterday following the revelation last month of irregularities in last year's bar examination results.

An announcement from the Presidential office said that Chief Justice Fernando and 11 other judges are to meet *President Marcos today*.

Early last month one of the judges, Mrs Ameurfina Melecio-Herrera, who is the chairman of the Bar Examination Committee, revealed that the test papers of the son of a fellow judge had been altered and his grade had increased by two percentage points.

Justice Herrera also said that the justices voted to lower the bar's passing grade after the examinees' papers were decoded and checked. Traditionally, the passing grade was set before papers were checked.

IMF loan to India 'on course'

Consultations between an International Monetary Fund (IMF) team and the Indian Government ended in New Delhi yesterday amid indications that the second year's instalment of the three-year $5.7bn loan given last year under the extended financing facility will be released without difficulty, K. K. Sharma writes from New Delhi. The IMF representatives are expected to report to the Fund's executive board that India has fulfilled the conditions set for the first year's instalment of just under $1bn

Japanese oil refiners at lowest capacity for two decades

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S OIL refining industry operated at less than 60 per cent of capacity last year for the first time since the late 1950s, an industry association revealed yesterday.

According to the Petroleum *Association of Japan*, production in the first half of the fiscal year (April to September 1981) averaged 3.35m barrels per day (b/d) or about 56 per cent of the industry's capacity of 5.94m b/d. In the second half of the year (October 1981 to April 1982), output recovered to 3.73m b/d but the average rate of production for the year as a whole was still only 59.5 per cent of capacity.

Japanese oil refining output reached a peak in 1973, when production averaged 4.48m b/d. Production capacity, however continued to rise until 1976 when the present 5.94m b/d was attained. How to get rid of surplus capacity is one of the major headaches plaguing the industry, which ranks among the outstanding victims of "structural recession" in Japan.

Hearings by the Ministry of International Trade and Industry *on the future of oil refining* in Japan have produced the idea that the oil refiners should scrap at least 1m b/d of their existing capacity by 1990. Capacity scrapping could well be accompanied by mergers to reduce what is seen as "excess competition" within the industry.

However, complex relationships between the 13 major oil wholesaling companies and no fewer than 26 production companies could make the process of consolidating the industry tricky. Another problem is what to do about Japan's 55,000 service stations—believed to be about 25,000 more than actual requirements.

President Ali Abdullah Saleh of North Yemen (above) was yesterday due to meet his Soviet-backed counterpart, President Ali Nasser Mohammed of South Yemen as reports emerged of new fighting between North Yemeni troops and South Yemeni-backed guerrillas.

Iran claims further war gains

By Our Foreign Staff

IRAN CLAIMED yesterday to have gained more territory on Wednesday in a further extension of its offensive launched a week ago against Iraqi positions on its territory.

Tehran Radio said that Iranian forces had made ground in the Falkeh region, in the northern sector of the 150-mile front which was subjected to exchanges last week.

The Iranian communique seemed to concede that resistance was substantial. It said reinforcements were being *rushed to the areas recently* recaptured. Helicopters were said to have been used — for the first time in the conflict now in its 20th month.

Earlier, Iraq said that an Iranian aircraft had been shot down over Khuzestan, the oil producing province which is the focal point of the war.

Baghdad has admitted that the Iranians have crossed the Karun River in the crucial battle for control of Khorramshahr, the Gulf port captured by Iraq early in the conflict.

Lagos changes development bank stance

LUSAKA — Nigeria yesterday reversed its opposition to the admission of non-African states to the 50-nation African Development Bank, clearing the way for an influx of capital from major industrial nations.

Mr Victor Masi, the Finance Minister told the bank's 18th annual meeting in Lusaka that his country had bowed to a call from poorer African members for equity participation by the developed world.

The change by Lagos ends a three-year controversy over non-regional membership, during which Nigeria, Algeria and Libya — all oil producers — argued that participation from outside the continent would dilute the bank's African character.

Algeria and Libya have yet to comment on Nigeria's move, which means there is an 82 per cent majority in favour of it. Conference officials said 24 non-African countries, including the U.S. and Japan had given notice of their intention to join

The officials said their admission could increase the bank's capital from $2.7bn (£1.5bn) in 1981 to $6bn this year. Mr Masi told the meeting that Nigeria's change of heart had been influenced by a deteriorating quality of life among millions of people in other African member nations.

Reuter

Lack of radar blamed for ship's loss

By Bridget Bloom, Defence Correspondent

THE POST-MORTEM on the loss of Britain's HMS Sheffield continued yesterday as military confrontation in the south Atlantic appeared to be in a temporary lull.

Naval experts were drawing a number of lessons from the loss of the Type 42 destroyer, hit on Tuesday by a subsonic sea-skimming Exocet missile fired from a French-built Super Etendard fighter jet.

The failure of Britain's task force to detect the missile-carrying aircraft points to inadequate radar cover, while the nature of the superstructure of the Type 42 destroyer is being highlighted as a major reason why the vessel burnt uncontrollably.

Admiral Robert Falls, Canadian chairman of Nato's Military Committee, said in Brussels yesterday that he believed the Argentine success in hitting the Sheffield had been enhanced by Britain's lack of early warning radar aircraft.

Adm Falls noted that the best defence against aircraft like the Super Etendard "is other aircraft and long-range radars." The British did not have the sort of early warning aircraft they would like in the south Atlantic, Adm Falls said.

Adm Falls appears to have been thinking of British deficiencies against the background of U.S. naval battle group formation. The giant 90,000-ton U.S. nuclear-powered aircraft carriers like the Nimitz are equipped to achieve air superiority over an attacking enemy by a combination of early warning patrol aircraft, electronic warfare aircraft that can jam enemy radar and jet fighters such as the F14, armed with Phoenix missiles.

The second point of weakness being raised by some naval experts concerns the [illegible] of the Type 42. The vessel's hull is built of [illegible] but the superstructure is aluminium. Once the ship's [illegible] systems were [illegible] the compartmental [illegible] vessel could do [illegible] the spread of [illegible] the more combustible aluminium sections, experts allege.

Anxious U.S. bankers caught in crossfire

BY DAVID LASCELLES IN NEW YORK

U.S. BANKS have found themselves caught in the cross-fire between Britain and Argentina over the Falkland Islands. While none of them expect the crisis to do any lasting damage to their considerable assets and business operations in Argentina, they are watching developments anxiously. The U.S. decision to side with the UK has not helped.

"It's not going to blow the system, but obviously we'd like to see this thing settled quickly and peacefully," said a banker in New York.

According to the Federal Reserve Board, U.S. banks had a total of $7.63bn (£4.2bn) in loans out to Argentina at the middle of last year, the latest available figures. Considering that dozens of U.S. banks do business with Argentina this is not a large sum. Nor does it seem excessive in light of the U.S. banks' total overseas exposure of $288.5bn.

But the figure is probably $1bn or $2bn higher now, and much of it appears to be concentrated among a few banks.

Manufacturers Hanover Trust of New York, the fourth largest U.S. bank is the only one whose exposure is large enough to warrant official disclosure. At the end of last year, it had $1.13bn out to Argentina, equivalent to 6 per cent of its total foreign loans.

First National Bank of Boston, which was one of the first U.S. banks to set up in Argentina for trade reasons, has about $900m in assets there, mostly loans. But about three-quarters of this is denominated in pesos and is locally funded.

Other large U.S. banks have not revealed their exposure, but several are believed to be in for more than $100m. Many also have retail banking operations there with branches—in First National Bank of Boston's case, 22 of them.

U.S. banks have two main concerns. One is that the U.S. alliance with Britain will damage their standing in Argentina, though so far this does not appear to have happened. Their bank branches have not been setalight by rioting mobs, and they have not been forced to withdraw personnel.

Banks are trying to conduct business as usual, though many have decided simply to lie low for a while. "We've been through a lot of anti-American phases, and we've always come through the other side," said the executive of one bank which has been in Argentina for decades.

More worrying is the possibility that the war will strain Argentina's ability to pay off its foreign debts, though, so far, there is no sign of this. Several banks confirmed this week that payments are still being made on time, and many bankers said they expected Argentina to strain every muscle to preserve a good repayment record. A spokesman for Bankers Trust, the large New York bank which has several hundred million dollars of loans out to Argentina, said: "We believe Argentina will continue to be able to meet its external obligations."

Even so, many bankers confess privately that the chances of a financial crisis would grow the longer the war dragged on, particularly if it led to a political turmoil in Argentina. A recently negotiated $450m international loan for YPF, the Argentinian petroleum concern, which was only partially drawn down when the dispute started, has effectively been put on ice. Bankers say they are deciding on a day-to-day basis whether to permit further draw-downs if and when Argentina asks for them.

While a rescheduling would be traumatic, bankers emphasised that Argentina is well-enough endowed with resources to be a good credit risk in the long run. Sr Roberto Alemann, its Finance Minister, enjoys high standing in the international banking community. The negotiations would depend to a large extent on the political situation. As a member of the International Monetary Fund, Argentina would also have access to funds from that source.

Bankers would, however, feel happier if they knew more precisely what arrangements Argentina is making to cope with the freeze on its assets in London.

In the longer run, the Falklands crisis is bound to make U.S. banks a little more cautious in their international lending by demonstrating just how unpredictable world events can be. "Who could have predicted this six months ago?" one of them asked. Some bankers said Argentina would find its borrowing costs had gone up when it comes back to the markets, and there are already signs that other Latin American borrowers could be affected too, because some banks differentiate little between countries on that continent.

ECONOMIC PACKAGE

Argentine consumers hit by sharp tax rises

BY ANDREW WHITLEY IN BUENOS AIRES

SHARP INCREASES in taxes on petrol, cigarettes and alcohol have been announced by the Argentine authorities as part of an eight-point emergency economic programme.

The package includes the 14.3 per cent devaluation of the peso announced on Wednesday, as well as a number of measures affecting bank deposits. These are expected to lead to a major shake-up in commercial banking.

Four more finance houses in difficulties have been closed down by the Government as part of what Western bankers yesterday described as a "general clearing out." A collapse of the secondary banking system in Argentina, which lives parasitically off speculation and high interest rates, cannot be ruled out as a deliberate consequence of Government policy.

Speaking on television on Wednesday night Sr Roberto Alemann, the Economy Minister, said: "A financial system with high interest rates based solely on official guarantees is inherently weak and contributes to delinquency. The moral and economic health of the nation requires that this system be eliminated."

As a first step towards this goal, the authorities have reduced the state's guarantee on deposits of above 100m pesos from 90 per cent to 80 per cent. The declared aim is eventually to abolish the guarantees altogether.

In another politically inspired move, Argentina placed limits, as yet unspecified, on the growth of deposits by state and foreign-owned banks. The move will further contribute to the flow of funds towards the older-established, private Argentine banks such as Banco de Galicia, Banco Rio de la Plata and Banco Italia.

Among fully-fledged banks, the biggest loser on Sr Alemann's package is likely to be the Lloyds Bank-owned Bank of London and South America, Bolsa.

Bolsa was the eighth largest private bank in Argentina last year, in terms of deposits, and is now unlikely to be able to make up the losses it has suffered since the crisis began. The U.S. banks in Argentina, notably Citibank and Bank of Boston, are more confident they can maintain their position.

Yesterday's decision to raise petrol taxes by 30 per cent is expected to bring in an additional $50m for the Government, which will help offset the large deficit of the state oil company YPF. The more general aim is to reduce consumption and allow greater exports of crude oil and products.

Taxes on cigarettes have, meanwhile, been raised by an additional 5 per cent and on alcoholic drinks by between 24 and 45 per cent.

While most Argentines are probably prepared to pay up now, to help the war effort, in the long run the latest increases in taxes, particularly on fuel, are likely to have a serious impact on the cost of living. Sr Alemann's plans of bringing inflation down to below three figures this year from its present level of 131 per cent have been virtually killed.

Further controls on imports beyond those announced over the past two weeks involve the suspension of permits to import "non-essential goods" for a 45 day period and unspecified limits on permits for other goods. Details have still to be released.

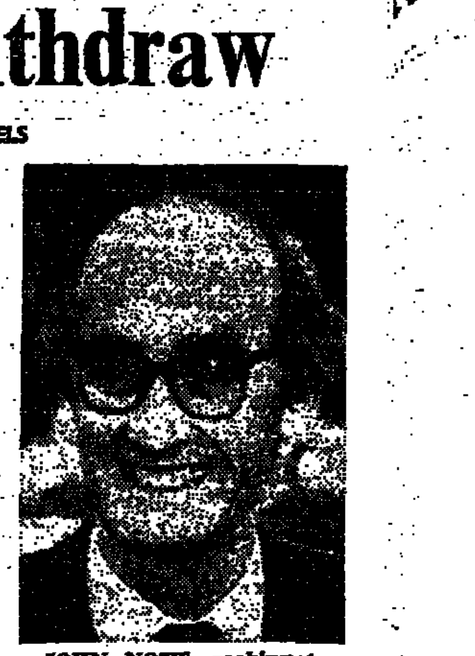
The vice-commander of Argentina's sunken cruiser General Belgrano is hugged on his return to the Argentine mainland by the naval base commander at Bahia Blanca

Nott tells Nato Argentina must withdraw

BY LARRY KLINGER IN BRUSSELS

MR JOHN NOTT, Britain's Defence Secretary, yesterday declared uncompromisingly in Brussels that the UK felt compelled to continue its military offensive in the South Atlantic if no diplomatic solution was in prospect to settle the Falklands dispute.

At the same time he took pains to reassure Britain's European allies that the UK still sought, foremost, a peaceful solution to the conflict. European Community Foreign Ministers are due to decide on Saturday whether to continue EEC trade sanctions against Argentina and Mr Nott sought to calm fears over the escalation of violence in the South Atlantic.



JOHN NOTT—seeking to reassure European allies

Mr Nott was speaking after a meeting of the European allies in the North Atlantic Treaty Organisation (Nato), during which his colleagues reaffirmed their condemnation of the Argentine invasion.

Nato's 11-member Euro-group said in a communiqué that "aggression or occupation of territory by force should not be allowed to succeed." They called for a negotiated solution on the basis of UN Security Council Resolution 502.

In separate talks with his U.S. counterpart, Mr Casper Weinberger, Mr Nott received assurances of continued U.S. support. Officials on both sides said these talks were of a general nature: the U.S. was possibly prepared to offer further logistical support somewhere down the line, but the UK had not presented any "shopping list".

Britain now has all the forces and back-up units necessary to fight the crisis to the end if necessary, Mr Nott said afterwards.

Mr Nott emphasised that renewed diplomatic moves to end the conflict were being launched—in the U.S., the UN, from Peru and by Britain. At It seemed not to rule out the possibility that Britain might be able to offer reciprocal measures "concurrently" with an Argentine withdrawal.

Britain's EEC partners may seek signs of UK flexibility on a negotiated settlement when the Foreign Ministers meet on Saturday. There have been growing expressions of anxiety in European capitals over the escalation of the conflict, leading to British fears that the solidarity of EEC support could be wavering.

There was some British confidence in Brussels yesterday, however, that the Foreign Ministers would renew their commitment to EEC economic sanctions.

'Blinkered view' under attack

By David Goodhart, Labour Staff

THE LOSS of HMS Sheffield in the south Atlantic was in part due to the blinkered view of defence spending taken by Britain's military planners, the Ministry of Defence Council of Civil Service Unions claimed yesterday. Last year's naval cuts may have been seen by the Argentines as a "green light" for the Falklands invasion, it added.

Underlining the unions' call for an immediate review of defence cuts, Mr Geoff Lewtas, chairman of the council, said in London: "The Falklands crisis shows that we need a significantly larger fleet if our foreign and defence policies are to be matched."

PUBLIC NOTICES

The Royal Bank of Scotland plc

announces that as from MONDAY 17 MAY 1982 Mr AB Murray, General Manager (London) will be located in the new premises at 24 LOMBARD STREET, LONDON EC3V 9BA.

The business of Lombard Street Office, presently operating from 62 LOMBARD STREET, LONDON EC3P 3DE will be transferred to 24 LOMBARD STREET, LONDON EC3V 9BA from this date and as from MONDAY 24 MAY 1982 the business of its Bishopsgate Office, 3 BISHOPSGATE, LONDON EC2N 3AA will merge with Lombard Street Office within the above new premises. The merged business, which will be designated LONDON, LOMBARD STREET OFFICE will be under the Managership of Mr JA Barclay and Mr G Macdonald.

International Division, London Office and Resources Department, London will also be located within 24 LOMBARD STREET from 17 MAY 1982 and 24 MAY 1982 respectively.

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International Division: 01-621 1000.
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6901 to 7261 incl. 7264 to 7303 incl. 7307 to 7402 incl. 7405 to 7465 incl. 7486 to 7632 incl. 7637 to 7718 incl. 8002 to 8023 incl. 8025 to 8065 incl.

Amount purchased on the market: UA 150,000.
Amount outstanding: UA 12,000,000.
Outstanding drawn Bonds:
4461 and 4462. 4508 to 4512 incl. 4538. 4543 and 4544. 4599 to 4605 incl. 4642. 4676. 4679 to 4681 incl. 4706 to 4711 incl. 4812 to 4815 incl. 4839 and 4840. 4863 to 4865 incl. 4874. 4877 to 4882 incl. 4893 to 4896 incl. 4923 to 4925 incl. 4933 and 4934. 15038 and 15039. 19216 to 19223 incl.

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(Incorporated in Israel)

NOTICE TO HOLDERS OF ORDINARY STOCK

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of the Company will be held at its Registered Office, 24-32 Yehuda Halevy Street, Tel Aviv, on Monday, the 16th day of May, 1982 at 10.30 o'clock in the forenoon, for the purpose of:

1. Receiving and considering the accounts and reports of the Directors and Auditors for the year ending 31st December, 1981.
2. Declaring a Final Dividend for the year 1981.
3. Electing Directors and approving the payment of their fees.
4. Electing Auditors and fixing their remuneration.

A Member entitled to attend and vote at such meeting may appoint a proxy to attend and vote on his behalf. Such proxy need not be a Member of the Company.

By Order of the Board,
A. SULLAM, ADV,
Secretary.

Tel Aviv,
6th May, 1982.

PRIVATBANKEN A/S
£12,000,000 14¼ PER CENT SUBORDINATED NOTES 1988

In compliance with the requirements of the Stock Exchange in London we inform holders of the above-mentioned Notes that copies of the Annual Report and Accounts of Privatbanken A/S are available from the offices of Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA.

PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS

The Buckinghamshire County Council issued on 5th May, 1982 £5m Bills due on 4th August, 1982. Tenders totalled £48m.

There are £6m other Bills outstanding.

LEGAL NOTICE

NOTICE
VOLTAROL (TRADE MARK)

British Patent No. 1,139,332 which relates to the important anti-rheumatic drug diclofenac sodium prescribed under the above Trade Mark has been extended by Order of the High Court for a further period of four years, from 7th April, 1982, until 6th April, 1986.

CIBA-GEIGY AG,
Basle, Switzerland.

ART GALLERIES

CRANE KALLMAN GALLERY, 178, Brompton Rd., SW3. 584 7566. Paintings & Drawings by Robin Baring. Until 15 May. Mon.-Fri. 10-6.

LUMLEY CAZALET, 24 Davies St., W1. 499 5058. Fine Prints: MANET TO MIRO. Until 7 May.

ROYAL SOCIETY OF PORTRAIT PAINTERS at The Mall Galleries, The Mall, SW1. Annual Exhibition—Mon.-Sat. 10-5. Till 13 May. Adm. 50p.

PERSONAL

LEAVE A LIVING LEGACY—an act of remembrance that ensures that you, too, will be remembered with gratitude for your concern for the elderly. But don't leave it too late! Do it now! Methodist Homes for the Aged, 11, Tufton St., Westminster, London SW1P 3QD.

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Reagan's 'new federalism' plan receives boost

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan's "new federalism" plan to transfer government responsibilities and fiscal powers from the federal to the state level has been given a new lease of life by the National Governors Association.

After three months of apparent deadlock over the plan's fiscal implications, Governor Richard Snelling of Vermont, who is chairman of the NGA, announced that a tentative agreement had been reached with the President on a revised version of the original proposals. The compromise looks like adding to the federal Government's budget in the medium-term.

The "new federalism" idea, which President Reagan has described as one of the most cherished personal goals of his political career, was the centrepiece of the legislative programme which the President announced in February in his State of the Union message.

However, his plan was overtaken almost immediately by the preoccupation with the 1983 budget and by suspicions among state governors that they would have to bear more of the federal Government's financial problems.

The President had originally proposed to shift responsibility for two of the nation's largest welfare programmes and about 40 other programmes in transport, education and housing and social services from the federal to state governments.

In exchange, Washington would have taken over the funding of Medicaid, the system for providing health services for the poor, and created a temporary "trust fund" to enable the states to pay for their new responsibilities in the next 10 years.

After the trust fund had been used up, the federal government would reduce various national indirect taxes, giving the states an opportunity to levy their own taxes to pay for services.

The purpose of Mr Reagan's plan was to give individual states more freedom to choose their own priorities and to vary the levels of public provision according to the wishes of local electorates.

Governors pointed out, however, that the scheme would greatly widen disparities in the level of social provision between states and could place an excessive burden on states with high concentrations of poverty or with inadequate tax bases.

In the compromise that Mr Snelling has put forward, the federal government would retain responsibility for food stamps, one of the two major welfare programmes, but states would take over aid to families with dependent children, the only cash welfare benefit available to many poor Americans.

The federal government would guarantee the maintenance of this benefit at a certain level in all states, providing subsidies if necessary. It would abandon various measures designed to reduce the cost of the food stamp programme over the coming years.

Although the White House has not finally approved the compromise, which could represent a climbdown on several major points, it said it was "encouraged" by the governors' proposal.

Canadian publishing chains face unfair trading trial

BY ROBERT GIBBENS IN MONTREAL

CANADA'S TWO largest newspaper chains, Thomson Newspapers and Southam, have been ordered to stand trial on seven charges under the Federal Combines Investigation Act.

The charges allege conspiracy to lessen competition, unlawful merging, and monopoly of the production and sale of daily newspapers. The trial, to be held before a judge, is unlikely to begin before the autumn.

In an 800-page decision which follows a preliminary inquiry concluded last December, Judge J. L. Addison ruled in Toronto that all the charges "depend on findings of fact and weighing of evidence and should go to a justice for trial."

The charges stem from an investigation b ythe Federal Consumer and Corporate Affairs Department into the closure of the Thomson-owned Ottawa Journal and the Southam-owned Winnipeg Tribune in August, 1980, and also of the Montreal Star in September, 1979. The Star was then owned by F. P. Publications, but was acquired by Thomson shortly afterwards.

Several other deals followed, resulting in both Ottawa and Winnipeg being left with only one daily paper. Southam became 100 per cent owner of Montreal's only surviving English language daily.

Victor Mackie reports from Ottawa: The Quebec Government has begun moves to prevent the application in its province of many of the provisions of the federal Charter of Rights, part of the new Canadian constitution.

Mr Marc-Andre Bedard, Minister of Justice, and Mr Camille Laurin, Education Minister told reporters that Quebecers do not require the Federal Charter because Quebec already has a better provincial Bill of Rights.

The Ministers said the Parti Quebecois Government has decided to make no major changes in its controversial language law, but will defend it vigorously in the courts.

Quebec would fight to the finish any attempt, using the Federal Charter, to provide additional English-language schooling in the province, the Ministers warned.

Canada's new constitution permits any province to opt out of some of the provisions of the federal charter and on Wednesday the Quebec National Assembly tabled a bill which would exempt all legislation passed in the province before the Constitution came into effect on April 17. Later legislation will contain opting out clauses.

TV blamed for violence

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

A U.S. Government report has found "overwhelming" scientific evidence that excessive violence on television leads to aggression and violent behaviour among children and teenagers.

The report, by the National Institute of Mental Health, supported the preliminary findings of a controversial 1972 report by the Surgeon General, and said that the earlier report's suggestions of a link between television violence and aggression had "significantly strengthened" since then.

It has long seemed more than coincidence to most outsiders that the U.S., the most violent country in the developed world, should also be responsible for much of the world's most violent television. American children are fed a non-stop diet of shootings, fighting, explosions and even cartoons such as Bugs Bunny and Tom and Jerry are violent.

The link between television and violence nevertheless remains a disputed topic, largely because the country's powerful broadcasting establishment contests the point. This week's report was immediately attacked by the National Association of Broadcasters and the New York-based NBC.

The report found that the percentage of programmes containing violence had remained essentially the same during the past decade. During the period "there has also been more violence on children's weekend programmes than on prime time television," it said.

Senator warns Europe on Nato cost sharing

European members of Nato must bear a greater share of the alliance's defence, or support may grow for removing U.S. troops from the region, according to Senator John Glenn, Reuter reports from Washington.

The Ohio Democrat made the statement after introducing an amendment to a defence authorisation Bill. The amendment, which he later withdrew, would have required allies to pay $32m (£17.7m) towards the cost of pre-positioning combat equipment in Europe for U.S. troops flown there in a crisis.

Guatemalan oil pipeline sabotaged

LEFT-WING guerrillas have blown up Guatemala's only oil pipeline, cutting the flow of petroleum to Barrios, its main Caribbean port, AP reports from Guatemala City.

Sr Jorge Luis Monzon, Secretary of Mines and Hydrocarbons, said the line would be repaired quickly. Production of crude oil—all of it designed for U.S. refineries—would continue at 7,000 barrels a day.

The sabotage attack took place on Tuesday near Rio Dulce, 170 miles from Guatemala City.

Richard Lambert in New York analyses the expanding publishing interests of Dow Jones

Wall Street Journal takes the plunge in Europe

DOW JONES and Co., publisher of the Wall Street Journal, has had its eyes on Europe for years. In 1965 it discussed a link-up with Reuters and, in the early 1970s, it actively explored the idea of setting up local language business papers on the Continent. In 1974 it came close to agreeing a share swap with the Springer publishing group in West Germany.

Now it is finally taking the plunge. A new international edition of the Wall Street Journal will start to appear on the news stands early next year, aimed at a select group of business and political leaders in Europe and parts of the Middle East.

The title of the new paper has yet to be decided, and so has its precise format. It will include lots of business and economic news from the U.S. edition, along with leader comments and Wall Street statistics, but it will also take in material from the Wall Street Journal's Asian edition, and will emphasise European and other international news to a greater extent than the U.S. paper.

The paper will be edited in Brussels, and printed at the modern plant of the Limburgs Dagblad in Heerlen, the Netherlands. The Journal currently has 11 reporters working in Europe, and another dozen work for its associate, AP-Dow Jones newswire service. Mr Warren Phillips, Dow Jones' chairman, expects that growth in Europe will roughly parallel the performance of the Asian edition which, after six years, now sells just over 25,000 copies and has a staff of 33 reporters and editors.

The objectives for the new paper appear rather limited, at least for the short term. The Journal wants to strengthen its position in the European financial community and attract new readers in a steady rather than spectacular way.

There are powerful resources behind the new paper, however. If Dow Jones decides that the European market is worth exploiting in a big way, it will not be held back by financial constraints.

The reason is that the Wall Street Journal is an extraordinarily profitable newspaper. In terms both of its return on stockholders' equity (26.5 per cent) and sales (11.1 per cent), Dow Jones is one of the most successful large companies in the U.S.—thanks in very large measure to the performance of the Journal.

Stockbrokers Kidder Peabody estimate the paper contributed some 73 per cent of the group's $149m (£83.2m) operating income during 1981. Last year the average assets employed in Dow Jones' national publications and services division amounted to $189m, and the profits on this side reached no less than $121m before corporate expenses and interest on sales of $490m.

Mr Joseph Fuchs, of Kidder Peabody, says there are two reasons for this commercial success. One is that the paper is very tightly edited for a specific demographic sector which has great appeal to advertisers. The other is that the paper is "superbly managed" on an operating basis, and has used modern technology to create new opportunities.

By the mid 1970s, all the Journal's printing plants had been converted to photo composition. After establishing its first satellite printing plant, the paper will have a network of 17 printing plants across the U.S.

This development means that the paper can be delivered more quickly to a much wider readership at a lower cost than was ever possible in the past. A typical printing plant employs a total of perhaps 25 people and can turn out 100,000 copies a night — a phenomenal level of productivity by Fleet Street standards. While the Journal's circulation has risen from 1.2m to over 2m since 1970, the number of production workers has fallen significantly.

The Journal's higher circulation has brought an increased volume of advertising and generated more profits to invest in new plant which can boost the circulation yet further: a sort of virtuous circle.

All the same, the group has for more than a decade been anxious to broaden the spread of its business. Out of the Journal's profits, it has been able to buy a score of provincial newspapers, as well as a book publishing company — Richard D. Irwin — which made a net profit of $5.6m last year. It has bought large shares in two newsprint mills, which provide about two-fifths of its newsprint requirements, and it has been moving heavily into Cable TV. Last year, it bought nearly a quarter of the shares in Continental Cablevision, the twelfth largest Cable TV system operator in the U.S., for almost $80m.

Dow Jones is also looking for other ways to exploit the resources of the Journal. Some 40,000 terminals—including home computers—currently have access to computer-stored information from the group's data bases, and the number is growing by about 2,500 a month. Around 250 radio stations receive business news in exchange for free advertising for the Journal, and the group is also producing Cable TV programmes. In March, it launched a business news service transmitted via satellite to special radio receivers that can be programmed to deliver only the news which the subscriber wants to pay for.

Not all of the group's attempts to diversify have succeeded. In 1977, Dow Jones closed the National Observer after spending 15 years and $34m in its attempt to build a news weekly on a newspaper format. Last month, it closed the Book Digest magazine, which it bought in 1978 for around $10m. A new monthly business magazine for the U.S. market was killed off recently in an advanced stage of planning, and the Asian Wall Street Journal got off to a bumpy start. It has not yet made a profit, though it is scheduled to climb into the black this year.

Dow Jones can afford the odd problem. With over half the shares controlled by descendants of Clarence Barron, who bought the business 80 years ago, the company does not have to keep looking over its shoulder for unwelcome predators. Its top management, which has traditionally come up through the editorial side of the paper, has always placed an emphasis on longer term objectives. Along with a money-making machine like the Wall Street Journal, this combination adds up to a formidable publishing enterprise.

Plan to raise export credit rates criticised

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR, IN PARIS

EEC PROPOSALS to increase gradually interest rates for main users of export credits yesterday ran into early criticism at a meeting in Paris called to review international guidelines on the provision of medium- and long-term subsidised export finance.

The increase would follow a change in the classification of borrowers taking export credits from the 22 industrialised nations which participate in the arrangement on guidelines for officially-supported export credit. The arrangement is known as the Consensus.

In recent months a movement has developed to reclassify countries within the three existing categories of relatively rich, intermediate, and relatively poor.

The EEC, at French insistence, has suggested that countries moving from the "relatively poor" to the "intermediate" category should make the change in two stages over two years.

Such countries include those where much of the major capital business in the developing world is taking place—Algeria, Brazil, South Korea, Malaysia, Mexico, Nigeria and Taiwan.

Other delegations at the meeting—held at the Organisation for Economic Co-operation and Development (OECD)—made clear that such a transitional period would be unacceptable. Spain is said to have called it "ridiculous."

Those opposed to the EEC view suggest that a reclassification of borrowers should take place simultaneously. A transitional period, they say, would simply create four categories where three had existed before, making the Consensus more complicated.

The effect of a change from the "relatively poor" to the "intermediate" category would mean that a borrower would have to pay on present Consensus interest rates 10.5 per cent to 11 per cent instead of 10 per cent, and the maturity of credits would be cut to 8.5 years from 10 years.

A reclassification of borrowers is considered by export credit specialists as the easiest way politically to make major borrowers pay closer to the market rate for export credits, and has therefore assumed major importance at this week's review meeting.

The EEC also met hostility to its suggestion that Greece and Ireland, both recipients of export credits rather than lenders, should remain in the "intermediate" category. Delegates said there was unanimous rejection of this idea.

The idea is seen as inconsistent with the EEC's belief that countries should be classified as relatively rich if their per capita income is $4,000 or more. Insistence on keeping the two countries in the "intermediate" category would damage the argument for moving the Soviet Union from the "intermediate" to the "relatively rich" category.

It was proposals to change the status of the Soviet Union which provided the impetus for the reclassification process in the Consensus.

Portuguese air control contracts awarded

By Diana Smith in Lisbon

PORTUGAL'S airport and navigation authority, ANA, has awarded orders worth $55m (£30.5m) to Dutch, British and French concerns, for complete modernisation and automation of the country's air traffic control.

Hollandse Signal Apparaten (HSA) will be the main equipment supplier, with an order of Esc 2bn (£15.6m).

Also included in a wide-ranging package of contracts was an order of £512,000 to Racal-Decca of the UK to provide equipment for air navigation radio stations.

Thomson-CSF of France will supply automatic message communication equipment worth Esc 100m (£780,000). The entire modernisation project is expected to be ready by the end of 1984.

● Plessey has received an order for four Doppler VOR radio navigational beacons from the Spanish Civil Air Transport Authority. The first beacon will be installed near Barcelona this year. The three remaining beacons will be completed on a phased installation programme terminating in 1983. This is the first DVOR order Plessey has received from Spain.

Paul Cheeseright examines the progress of 'reciprocity' bills in Congress

Hopes of new U.S. trade legislation fade

ATTEMPTS BY U.S. senators to devise a trade bill embodying the concept of reciprocity in a form which is acceptable to the Reagan Administration appear to have stalled.

"There has been a lot of drafting and re-drafting to accommodate everybody's point of view, but the Administration position does not admit of much compromise," said an Administration official.

But Senate officials deny that time is running out if legislation is to be passed this year. There is still plenty of time to pass a reciprocity bill, they say. But they concede that discussions with the Administration have been moving very slowly.

The legislation would aim to specify that where U.S. companies do not receive the same amount of access to another country's market as that country's companies receive in the U.S., there should be a measure of retaliation.

The idea first surfaced towards the end of 1981, and has emerged in different forms in bills from Senator John Danforth and Senator John Heinz, Republicans, respectively from Missouri and Pennsylvania.

At first the Administration seemed to be encouraging the idea: it raised no objections when the principle was incorporated in a bill to regulate the telecommunications industry. In doing this, the Administration appeared to be turning its back on 60 years of trade policy based on a multilateral view of world trade.

The reciprocity ideas seemed to be an attempt to devise a trade policy based on equivalent market access, sector by sector and country by country, and appeared to be a convenient way for the U.S. to wage its trade dispute with Japan.

By March, however, the Administration was becoming increasingly worried about the international effects of such a policy, which could lead to the closing of markets and not to their opening—the basic aim of policy enunciated by Mr William Brock, the U.S. Trade Representative.

"We must not enact laws which will force U.S. trade policy to require bilateral, sectoral or product-by-product reciprocity," Mr Brock said in Congressional testimony. "A distorted use of reciprocity could undermine an already vulnerable multilateral trading system."

At the same time, the Administration sought to bring the reciprocity debate more closely under its control. It suggested a new trade act which would give impetus to and authority for the Administration's desire to open up new international trade negotiations in areas like services, high technology products and investment.

But, as trade analysts in Washington noted, the Administration did not have a draft bill, contrary to previous practice where the decision to embark on new trade legislation followed detailed talks with Congress.

Senator John Danforth: sponsored reciprocity bill

It has appeared that, given the rivalries within the Administration over trade policy, officials may have been clear about what they do not want new legislation to contain, but they have had difficulty in defining the details of any new measure, acceptable to them.

This uncertainty is matched, according to Administration officials, by disarray within the Finance Committee of the Senate, whose role in the framing of new legislation is crucial, in the Senate at large, and in the House of Representatives, where enthusiasm for new legislation seems less marked than in the Senate.

Differences have emerged on two significant aspects of any new legislation.

● The first concerns the use of Section 301 of the 1974 Trade Act. This is the mechanism which allows companies to complain to the Government about trade practices by foreign rivals which are considered unfair and provides for the Government, if the complaint is well-founded, to seek redress from the offending country.

There has been a move within the Senate to make the absence of what are called "substantially equivalent commercial opportunities" in a foreign market—equivalent, that is, to opportunities offered the foreign country in the U.S.—a legitimate cause for action under Section 301.

But this has apparently proved too sweeping for some senators, who argue that such a cause is too loose: it could mean the bringing of a 301 action against a country of which the complainant happened to disapprove.

● The second aspect causing controversy is the degree of discretion to be granted to the Government to act against unfair trade practices. This discretion is already extensive.

The Danforth bill had suggested an annual report from the Government on barriers to trade faced by U.S. exporters and the steps taken to redress them. The Reagan Administration has set itself firmly against any legislation which would compel it to act as a result of the findings in the annual report.

Sponsors of legislation in the Senate consider that, although talks with the Administration have been slow, everything is on schedule and it should be possible to pass a law by the end of the year.

In the Administration there is doubt about this, not least because of the attitude taken so far in the House of Representatives. In the House Ways and Means Committee there has been no dispositon to develop a bill, rather a desire to wait and see what the Senate produces and react to it.

It is thought unlikely that the bill will appear on the floor of the Senate before July, but it will only be then that the House will be able to give it initial scrutiny. Taking into account a break for the summer holidays and the Congressional elections at the end of the year, it is noted that few legislative days are left.

U.S. and Hong Kong partners in £100m project

BY ROBERT COTTRELL IN HONG KONG

A U.S.-HONG KONG joint venture plans a HK$1bn (£100m) six-storey container yard and freight station in Hong Kong, which the backers say will be the largest such facility in the world.

Partners in the newly-formed joint venture company, Asia Terminals, are the Far East Consortium of Hong Kong and Sea-Land Orient of the U.S.

FEC is primarily a property company which says it wants to diversify and boost recurrent earnings. It is part of the Far East Group of companies which also includes banking and retail interests. Sea-Land is part of R. J. Reynolds Industries of the U.S., which also has interests in food and tobacco.

Sea-Land holds 51 per cent of the Asia Terminals equity, with FEC taking up the balance.

Bicycle joint venture plan from Brazil

By Our Lisbon Correspondent

BRAZIL'S major bicycle manufacturers, Bicicletas Caloi, are planning a joint venture in Portugal with the Portuguese concern, Bicicletas Vilar.

Caloi now sells about 1m bicycles a year in Brazil, where the middle classes are becoming increasingly bicycle-conscious—and is hoping the trend will catch on in Portugal, where ownership of a motor car, however battered, rusty and ancient, is seen as a social imperative.

The idea for the bicycle joint venture was put forward during the week-long visit to Portugal by Sr Paulo Salim Maluf, the Governor of Sao Paulo state. Visible trade between the two countries is a modest $250m a year.

IFO offers view of rise in Japanese patents

BY STEWART FLEMING IN FRANKFURT

THE high level of patent registrations in Japan does not demonstrate the innovative superiority of Japanese industry, according to a study prepared by the Munich-based IFO economics institute.

The study of patent registrations suggests instead that a variety of factors, including differences in the methods of registering patents, helps to account for the rapid growth in the number of patents registered in Japan.

The numbers of patent registrations alone give no indication of the quality of the patents, the IFO study concludes.

IFO says that patent registrations in Japan help in worker-motivation and public relations, and that patents are often registered in order to avoid disputes.

It points out that in the U.S. and West Germany many claims can be recorded on one application. In Japan, on the other hand, multiple applications would be recorded in similar circumstances.

While in Japan the costs of registering a patent are the lowest in the world, the declining number of patent registrations in West Germany can partly be ascribed to the high costs of establishing patent claims.

Small German companies in particular cite the high costs of defending a patent against infringement as a factor which makes it uneconomic to register patents.

Airlines may reconsider 767 orders

MONTREAL—Two Canadian airlines said yesterday they may shelve plans to buy 10 Boeing 767 airliners.

A senior official of Air Canada said it might reconsider buying six aircraft because of depressed market conditions.

CP Air, which announced increased losses in the first quarter, said it was considering delaying purchase of four 767s ordered for 1985.

Air Canada is buying 12 over the next two years and has options on a further 18, six of which had to be confirmed this summer. M Pierre Jeanniot, the chief operating officer, said: "Right now, 12 is adequate for today's level of activity."

Boeing had no comment on the moves yesterday. In March, United Airlines asked Boeing to halt work on its order.

Reuter

Bulgarian hopes run high for consumer goods fair

BY TOM SEALY IN PLOVDIV, BULGARIA

BULGARIA'S second consumer goods fair, running from May 3-9, now looks like a gamble that will pay off.

Officially called the International Plovdiv Spring Fair to differentiate it from the well-established international engineering fair held in Plovdiv every autumn, it attracted only 500 exhibitors last year and $480m (£266m) worth of business with Bulgarian enterprises.

This year there are about 1,500 exhibitors and high hopes for a similar increase.

Bulgaria is looking increasingly attractive to Western businessmen. It has managed to effect a turn-round in its economy since 1978, and net debt to the West has been cut from some $3.2bn to $2bn, with a surplus on the hard currency trade balance in each of the past three years.

Hungarian-style economic reforms have been gradually introduced, and Eastern Europe's most liberal joint venture law allows more majority shareholding by Western companies.

Despite this, the number of exhibitors from developed Western countries has probably been a disappointment for the organisers. Most of the increase in foreign exhibitors at this year's fair appears to have come either from Comecon or from Third World countries.

Libya, for example, has 73 exhibiting firms, while West Germany, Austria, Italy, Britain, Holland, Denmark, France and Japan together only listed some 65 companies as direct exhibitors.

Atlas computers launched by ICL

BY GUY DE JONQUIERES

ICL, Britain's leading computer company, yesterday launched two large Japanese-made computers which will spearhead its new strategy of attacking International Business Machines' vast customer base in western Europe.

The machines, made by Fujitsu, offer between five and eight times more power than the largest computer made by ICL and will be sold for about £4m each. They will be marketed under ICL's own label as the Atlas series.

Unlike ICL's own products, the Fujitsu machines are "plug-compatible." This means their internal design and technical specifications closely resemble those of IBM machines. They can be easily slotted into IBM installations in place of equipment supplied by the U.S. manufacturer.

During the past few years, plug-compatible sales have been the fastest growing part of the large computer market. Their success has given increasing concern to IBM, which has adopted a variety of tactics to try to curb the inroads on its customer base.

ICL has set up a new division to market the Atlas. Mr Olaf von Buelow, division head, yesterday said he aimed to win the second biggest share of the European market for very large computers after IBM.

He estimates there will be at least 100 customers for such systems in Britain alone in the next few years.

ICL also plans to sell the Atlas in Scandinavia, Switzerland, the Benelux countries, the Middle East, South Africa, France and Italy.

It hopes to take orders for about five machines in the next year, with the first deliveries next spring.

ICL will have to compete with a variety of other "plug-compatible" suppliers other than IBM.

Siemens of West Germany is already marketing identical Fujitsu machines and a variant of the design is being sold by Amdahl, an American manufacturer. Fujitsu has an interest of about 30 per cent in Amdahl.

BASE in West Germany and Olivetti in Italy are selling similar computers by Hitachi, another leading Japanese manufacturer. National Advanced Systems and Magnusson, both of the U.S., are also competing for the European plug-compatible market.

Although sales of Atlas computers will be handled separately from ICL's own product range, the company plans to use its extensive international marketing and maintenance network to support them.

It hopes also to sell its own peripheral equipment to customers buying Atlas computers.

World total of idle shipping at 6m tons

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD SHIPOWNERS laid up more than 6m deadweight tons in March, mostly in the depressed tanker sector. The idle tonnage total is now at its highest level for 3½ years.

The General Council of British Shipping said that by the end of March 6 per cent of the world fleet was laid up. For tankers alone the laid-up proportion was 10 per cent.

Over the past year the amount of idle tonnage has trebled, the council added. On March 31 the total of laid-up vessels was 690 representing 41.4m dwt. This compared with 640 ships totalling 35.3m dwt in February.

The steady increase in the number of ships unable to find cargoes reflects the continued low level of freight rates for both the oil and dry-cargo markets.

In both sectors, tonnage far exceeds demand. More and more large tankers are being scrapped, while concern in the dry-cargo sector about the large number of new ships coming on to the market is widespread.

In March last year the total of idle tonnage in world fleets was 14.2m dwt, or 432 ships. Since then tanker rates have failed to make any lasting recovery and the bulk shipping market has gone into steep decline.

The council's figures, based on Lloyd's Monthly List of Laid-up Vessels, showed that 276 tankers totalling 36.4m dwt were idle in March. This was a sharp rise from the 252 tankers of 31.7m dwt in February and made up nearly 90 per cent of the total.

On the dry-cargo side March saw an increase from 388 idle vessels of 3.6m dwt to 414 amounting to nearly 5m dwt, more than twice as much as a year ago.

Although British shipowners have been making more vessels idle, the trend was less acute last month than for the world fleet as a whole. In March some 4 per cent of the UK fleet was laid up, comprising 29 ships of 1.8m dwt against 28 of 1.5m dwt in February.

Most of this consisted of tanker tonnage, where 7 per cent of the UK fleet—17 ships totalling 1.6m dwt—was idle. Only 1 per cent of UK dry cargo tonnage was idle.

Security group plans computer service led growth

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE UK ARM of the Australian group Mayne Nickless said yesterday it plans to expand its security services into areas of the country it does not yet serve.

The main part of the company's UK operation is Armaguard, a Nottingham-based subsidiary which operates 100 security vehicles.

The company has depots in several Midlands centres, and in Sheffield, Leeds, Manchester and two sites just outside London. Part of its expansion is geared to ringing the capital with depots.

Computa-Guard monitoring and control security systems for property and equipment are a principal growth area for Mayne Nickless.

Computa-Guard, a trading division of the group, has a fully computerised central station in Nottingham. When opened in January last year, the company said it was the most sophisticated security station in Europe.

The system monitors such diverse emergencies as fire, theft and equipment failure. Premises subject to monitoring have a terminal through which the computers at the central station make "checking calls" every one to two seconds.

Computa-Guard is gearing its own expansion to Armaguard's growth.

The division has data centres —linked to the Nottingham central station — at Wolverhampton, Leicester, Derby and Alfreton. It intends installing them in Sheffield, Leeds and Birmingham.

Mayne Nickless UK says it is intending to expand Computa-Guard and the Computa-Pay division, which calculates and delivers payroll, to all the areas into which Armaguard is moving.

Computa-Guard, which services just under 400 customers, is small in comparison to some similar companies, but almost all its customers have been attracted within the last 18 months. A long-term aim is the setting up of a Computa-Guard central station in Manchester.

In the tax year to June 1983 the group, which employs 560 in Britain, is budgeting for a UK revenue of £5.5m.

Italy offers tourists petrol discount and lower tolls

BY JAMES McDONALD

BRITISH holidaymakers taking their cars or motorcycles to Italy this year can save between 15 and 20 per cent on the cost of petrol and motorway tolls, the Automobile Association estimates.

This will be the effect of the Italian autohrities' reintroduction of tourist petrol discount coupons—discontinued in 1979 —with an additional bonus of free motorway toll vouchers and free service from Automobile Club D'Italia breakdown service centres.

The petrol coupons and toll vouchers can be bought from most AA offices and port service centres from May 24, but only by personal callers. Passports and vehicle registration documents must be shown and there is a £2 administration fee for AA members and £2.50 for non-members.

There are two concession packages. Motorists visiting northern and central Italy get 10 15-litre premium petrol coupons, saving L150 per litre; five free L2,000 motorway vouchers for use north of Rome, and a free breakdown service card.

Motorists going to the south, in addition to obtaining the northern and central Italy package, can apply for a further eight free L2,000 motorway vouchers and one exchange voucher for an additional 200 litres of premium petrol. These will be valid only in the South, including Sicity and Sardina.

● Many of Britain's traditional resorts were not in Development and Assisted Areas, where public funds for tourism were available, yet their level of unemployment was as high as in traditional manufacturing centres, said Mr Michael Montague, chairman of the English Tourist Board, in Lytham St Anne's, Lancashire, yesterday.

Mr Montague was accompanying Mr G. Contogeorgis, European Commissioner for Tourism, on a visit to the North West region, which included Blackpool and Merseyside.

Britain's tourist industry, he pointed out, employed three times as many people as the car industry. Its labour force of 1.5m was twice as big as the agricultural sector's.

"The amount of assistance we receive is minuscule by comparison. When you look at the financial assistance given to our steel industry, employing around 160,000, the contrast is greater."

The creation of employment should be the EEC's leading task. "The Treaty of Rome clearly identifies improved living standards as an objective of the Community. If existing economic policies based an manufacturing cannot meet these objectives and cannot put people back to work we must look at new industries like leisure and tourism."

UK NEWS

Joint action urged on currency fluctuations

By David Marsh

THE U.S. needs to co-operate more fully with other industrialised countries to comfort the "bandwagon" effect of rapidly fluctuating currency rates, *according to an international study published in London today.*

The Group of Thirty, a non-official New York body of bankers, central bankers and economists, says in a report on exchange rates that official intervention on the currency markets is necessary to back up better-balanced monetary and fiscal policies aimed at exchange rate stability.

The report says it is a question of concern that important exchange rates have *appeared to get out of line with* underlying trends in competitiveness and other structural factors. It cites the wide swings since 1976 in the nominal and real exchange rates of the dollar and the yen, the strong upwards *pressure on sterling and the* decline of the Deutschemark.

Such fluctuations can bring a number of disadvantages. Volatility can have an inhibiting effect on international trade and payments—although the report says this danger is "easily exaggerated."

More importantly, extended periods of "high" or "low" exchange rates can harm national macro-economic interests. "A high exchange rate can promote 'de-industrialisation,' undermine creditworthiness, and impart a deflationary bias to national policies.

"A low exchange rate involves welfare losses and renders the economy more vulnerable to inflationary impulses coming from high import prices and strong export demand."

Internationally, lop-sided exchange rates lead to pressure for trade protection and subsidisation. This danger is all the greater at a time of rising unemployment.

Short-term view

Exchange rate expectations tend to be subject to a "bandwagon" effect. "Operators have increasingly tended to take a short-term view, concentrating on making short-term gains and avoiding short-term losses, while they might reasonably be expected to be profitable over the medium term, might easily show a loss over a period of months or more."

The group says exchange markets might, with more experience, learn to take a longer-term view. But "it is not easy to be optimistic on this score," *which could mean that the* recent unbalanced exchange rate trend could persist.

The report says exchange rates are influenced not only by already developments in interest rates, current account balances and inflation, but also by expectations about their future course. "While the impact of each of these factors taken separately may be fairly clear in practice they do not work out in a sufficiently stable or well-defined way to provide a reliable guide to market operators."

The European Monetary System is cited as an example of a political commitment to pool *national interests so as to* bring about currency stability.

EMS members display "a willingness *to direct monetary and* intervention policy to maintaining rates within a fairly narrow band in the short run so as to avoid significant divergences in economic policy and performance and to make parity changes reasonably promptly when needed."

The group calls for a greater international spread of this type of co-operation. The U.S., in particular, needs "to pay more attention to exchange rate considerations in framing its domestic policies, and to avoid an unbalanced mix of monetary and fiscal policies."

"When appropriate domestic policies are being pursued, but *market forces are nevertheless* pushing exchange rates out of line with sustainable current and capital account positions, official intervention on foreign exchange markets can have a useful role to play."

Government backing

Intervention is more effective if it is carried out on a concerted basis with the backing of all the governments concerned. But the report says that any commitment by the U.S. to the dollar rates should be more "loosely defined" than for other countries.

Where there is a conflict between internal and external considerations the domestic monetary impact of intervention should be offset as much as possible. The report recommends a greater use of co-operative financing techniques, such as the Carter bonds launched in 1978 under which monetary flows resulting from intervention can be "sterilised."

The report says that after the breakup of the Bretton Woods system a decade ago, the view gained ground that more weight should be given to market forces rather than Government intervention in determining exchange rates.

The Problem of Exchange Rates, Group of Thirty, 2, World Trade Center, Suite 9630, New York 10048.

Judge asks to see ministry papers

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT judge yesterday ordered the Department of Trade to produce for his inspection about 260 ministerial working papers dealing with the formulation of policy on the British Airports Authority between 1977 and 1980.

Mr Justice Bingham decided it was necessary to produce them if justice were to be done in a pending claim by 20 international airlines against the BAA and the Trade Secretary over increased landing charges at Heathrow Airport.

He said he would inspect the documents privately to satisfy himself that they would take the matter further than evidence already put in by the BAA and the minister. Once satisfied he would order them to be produced in the action, due to begin in October.

It is the first time a court has ordered disclosure of so many government documents at such a high level. The judge *deferred* the operation of his order to give the department time to appeal.

The department had opposed production and inspection, asserting that disclosure would be contrary to the public interest.

Rejecting that claim, Mr Justice Bingham said the documents could be crucial in deciding the airlines' claim. The public interest in disposing fairly of the litigation outweighed any harm that production would cause to the business or public administration.

"Documents as close as these to the inner processes of government have never previously been ordered to be produced in any litigation. There are many proceedings in which the basis of a minister's decision is the subject of attack, but in none have his working papers been the subject of production.

"The consequences of production could be potentially far-reaching. But it is not suggested that there is anything in these documents which would embarrass the Government in its relations with foreign states, or injure any national interest."

The judge commented that "one need not be a radical advocate of government in the sunshine to feel that the protection afforded to official documents in the past has perhaps been sometimes over-generous."

The category of documents to be produced was defined as "communications between, to and from ministers (including ministers' personal secretaries acting on behalf of ministers) and minutes and briefs for ministers, other documents considered by *ministers, drafts for* consideration by ministers and memoranda of meetings attended by ministers" in connection with the formulation of policy regarding the BAA, its borrowing powers, its capital expenditure, its landing fees and kindred matters.

The judge said that the airlines — led by Pan American, Transworld and Air Canada—contended that, as a result of increased charges imposed in November 1979, they were being required to pay an unlawfully high price for operating into and out of Heathrow.

They alleged that the charges were unreasonably high and not justified by the BAA's costs; that the BAA was abusing its dominant position, in breach of *Article 86 of the Treaty of* Rome; and that the BAA was "featherbedding" British carriers—and in particular British Airways—to the prejudice of foreign airlines.

All the allegations were denied by the BAA and the Trade Secretary.

The airlines also alleged that the Trade Secretary had imposed a financial target on the BAA, which he had no legal power to do.

It was common ground, said the judge, that the Trade Department had told the BAA that the Treasury was looking to the BAA for savings of £20m, either by way of increased charges or postponing less urgent investment.

The airlines alleged that the Trade Secretary's main purpose had been to reduce and contain the public sector borrowing requirement, and not a purpose properly relating to the BAA's performance of its statutory duties.

The minister's intentions, and the manner in which he formulated policy, lay at the very heart of the airlines' attack, which was a carefully prepared and serious criticism of government policy, said the judge.

The extent to which that criticism was ill-informed was naturally affected by the extent to which the relevant documents were available.

The department claimed immunity for the documents on the ground that they dealt with the formulation of government policy on matters of major economic importance to the UK, parts of which were still a matter of active governmental consideration.

The judge said that the matters were plainly dealt with at a ministerial level, and it was the Secretary of State's thinking which was crucial.

Ordering the production of the documents for his inspection, the judge said he realised that his decision might open the floodgates to similar applications in other cases. But he said the courts had ample *powers to deal with such a* situation.

He said he also bore in mind the Johnsonian maxim that "you must not neglect doing a thing immediately good, from fear of remote evil."

Electrolux to trim workforce by 100

Financial Times Reporter

ELECTROLUX is to axe nearly 100 production jobs at its Luton factory because of the continuing slump in the domestic appliances market.

The company has warned that there are also to be cuts among its 600 office and non-manual employees.

In the last 18 months Electrolux has reduced its manual workforce by about 500 to 1,500. Talks have begun with the unions over the redundancies planned in the next three weeks.

The company said the latest redundancies will mean that the workforce will be able to return to full-time working.

Kaiser Aluminium to cut output

KAISER ALUMINIUM and Chemical, the third largest aluminium producer, is to cut its output to 45 per cent of capacity in a move to reduce *stocks because of poor demand.*

The company is to close a fourth potline at its plant at Mead, Washington State, bringing the output to half its annual 220,000 tonnes capacity. Mead's output has already been reduced by 85,000 tonnes since January.

£7m to be spent on boilerhouse

THE Defence Ministry is to spend £7m on a coal-fired boilerhouse for the Royal Ordnance Factory at Bishopton, Scotland.

The work will be carried out by *Babcock Power, part of* Babcock International, which will supply four shell boilers from its plant at Renfrew.

They will replace old coal boilers which burn 60,000 tonnes of coal a year, half of it supplied by the National Coal Board.

Ulster education appeal launched

A WORLDWIDE *appeal for* £500,000 was launched in London yesterday to help develop an alternative education system in Northern Ireland which will enable more Protestant and Roman Catholic children to be taught in the same classrooms.

Ulster's first integrated co-*educational secondary school* —Lagan College, Belfast, set up as the spearhead of the *project last September* — is already attracting equal numbers from each faith.

The first £160,000 of the appeal will be used to find a home for the college which occupies a redundant council school.

TV 'talk back' experiment launched

A TWO-DAY television *experiment, in which viewers* can respond to questions during live programmes will be launched in Britain today.

About 60 homes in North-West England will be linked to Granada's Manchester TV Centre. Viewers will be able to press a button to register their vote on a question asked in the regional magazine programme, Granada Reports.

Mr David Plowright, Granada's managing director, said the number of participants will soon be increased to more than 100.

Campaign to stop accidents

MORE THAN 66,000 children under 15 were involved in road accidents in 1980, nearly 500 of them died. When *these are added to the* Ministry of Transport's other accident statistics, the total rose to almost 411,000—about 1,125 accidents a day.

In a new campaign aimed at reducing these figures, Petrofina UK is fixing stickers to the rear of its road tankers, depicting a little girl saying: "Please drive carefully, Daddy."

Sceptre returns

TALBOT is to bring back the name Sceptre on a special £5,555 version of its Solara saloon. The name was first used in 1963 on a Humber produced by Rootes.

Stockbroker predicts better times ahead

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE LATEST *economic indicators point* to better times ahead in spite of possible disturbance from the Falkland Islands crisis, says the broker Phillips and Drew in its monthly bulletin.

Phillips and Drew, which has a high reputation for accurate forecasts, expects output to increase by about 1.7 per cent this year compared with last. This is somewhat more optimistic than the Treasury's latest forecast of 1.5 per cent.

The broker's view is appreciably more optimistic than that of the Confederation of British Industry, which said on Wednesday that its April survey of *industrial trends showed little* evidence of recovery so far and only weak indications of a pick-up of activity in the next four months.

Phillips and Drew points to the downward trend of inflation, the improvement in manufacturing production for February and the better trend of the Treasury's cyclical indicators, which are designed to predict turning points in the economy.

It says: "As yet the Falklands exercise does not throw this more encouraging background off course." Even an extended conflict, it thinks, would be unlikely to excessively strain government finances.

Phillips and Drew is predicting a rise of between 2 per cent and 2½ per cent in UK output for next year with inflation continuing in single figures for the whole of 1983.

A more cautious view of a recovery this year was yesterday given by the Henley Centre for forecasting.

It believes output will be 1 per cent higher this year compared with last, a prediction which is in line with the unpublished views of the Bank of England.

However, the Henley Centre believes output could grow by 2.7 per cent in 1983 with company profits increasing by 26 per cent.

The centre continues to believe the projected recovery of economic activity will stimulate more inflationary wage increases.

It says: "Despite the need to finance investment and restocking, firms with the 'ability to pay' will find it difficult to resist higher wage demands, as employees seek to gain compensation for the reduction in real disposable incomes since 1979."

A separate forecast by Staniland Hall Associates predicts growth of 1.3 per cent this year and 3 per cent in 1983.

Staniland Hall believes the average annual rate of increase in world output between 1979 and 1984 will be 2 per cent, and between 1984 and 1989 expects average annual growth of 3 per cent.

By contrast the firm expects the growth of UK output to be an annual average of ½ per cent for 1979-84 and 1½ per cent for 1984-1989.

Mother not at scene of accident may seek damages

A MOTHER who suffered nervous shock after learning that her daughter had been killed, and her husband and two other children injured, in a road crash yesterday won her long legal battle for the right *to claim compensation for her* illness.

In a unanimous decision, five Law Lords allowed an appeal by Mrs Rosina McLoughlin, 48, of Sawston, Cambs. They ruled she was entitled to sue for damages, although she was not at the scene of the accident in October, 1973.

He added that Mrs McLoughlin still had to make out her case from the medical point of view. She would now pursue her claim, subject to the possibility of it being settled out of court with defence insurers.

Mrs McLoughlin is suing two lorry drivers and their respective employers: Mr Thomas O'Brian and A. E. Docker and Sons, of Barrow-in-Furness; and Mr Raymond Sygrove and Ernest Doe and Sons, of Maldon, Essex.

At the time of the accident, Mrs McLoughlin was at home two miles away. After being told of the accident by a friend, *she rushed to a Cambridge hospital* where she was told that her three-year-old daughter, Gillian, was dead.

In her action, Mrs McLoughlin complains that she suffered "severe shock, organic depression and a change of personality."

"Can it make any difference that she comes upon them in an ambulance or, as here, in a nearby hospital, when they were in the same condition, covered with oil and mud and distraught with pain?" said Lord Wilberforce.

Fears that a ruling in Mrs McLoughlin's favour might give rise to a "flood" of litigation were probably exaggerated, he added.

Appeal Court go-ahead for police freeze on assets

THE POLICE were entitled to a "freeze" order on the bank account of a man facing forgery and deception charges, the Appeal Court ruled yesterday.

Lord Denning, Master of the Rolls, held that the High Court *had power to grant the police* an injunction preventing an alleged thief drawing on his bank account so that in due course ill-gotten money could be restored to the true owner.

"It would be a mockery of the law if he could always evade a restitution order by disposing of the goods or their proceeds pending his trial," said Lord Denning. "The court must have power to grant an injunction to stop him doing so."

Lord Denning said he could not believe that a thief could get away with his stolen hoard by simply paying it into his bank account. So long as it could be traced, it could be *frozen.*

Police had a right or interest on behalf of the public to seize goods and detain them pending trial of an offender. The accused man could apply to the court to release sums needed for his defence or other "proper payments," Lord Denning added.

By a two to one decision, the Appeal Court allowed an appeal by Mr Barry Paine, the Chief Constable of Kent, against the refusal of a High Court judge to continue an injunction freezing the bank account of the accused man pending trial.

Lord Justice Donaldson, agreeing with Lord Denning, said the common law "can and should invest the police with a right to detain money's standing to the credit of a bank account if and to the extent that they can be shown to have been obtained from another in breach of the criminal law."

The judges requested that, as the guilt or innocence of the man concerned was still at issue in pending criminal proceedings, he should be identified.

Clyde Port expects brighter year after first-ever loss

BY ANDREW FISHER, SHIPPING CORRESPONDENT

CLYDE PORT AUTHORITY, which includes the Greenock container terminal and Glasgow general docks, fell into the red last year but hopes to break even in 1982 and return to profit in 1983.

"The first quarter of 1982 appears brighter and we are at break-even," said Mr John Mather, the managing director, yesterday. Any prolonged conflict over the Falkland islands, however, could affect the port's South American general cargo business, he noted.

Last year's loss was the first since the authority was set up in 1966. Revenues slipped from £21.8m to £19.3m, and the operating surplus before interest and depreciation fell from £2.71m to £2.66m.

After normal depreciation there was a turnround from an operating deficit of £543,000 to a profit of £384,000. But interest charges and more than £400,000 of accelerated depreciation on assets no longer in use led to a final deficit of £824,000, against a surplus of £46,000 in 1980.

"We are now getting the full benefit of economies which were made in the course of last year and there are signs that trade is *at last stabilising,*" Mr Mather said.

Over the past two years, the labour force has been reduced by 600 to 1,030. The number of dockers has fallen by 250 to about 400.

Clyde Port said that redundancy costs were nearly £400,000 last year. The Government's *delay in extending to all ports* the dockers' severance scheme offered to London and Liverpool cost the authority about £150,000 in wages.

Greenock was hit last year by the decision of Manchester Liners—part of the CY Tung Group—and the CAROL Line consortium to switch to Felixstowe for operational reasons, though it has picked up business diverted from Southampton during the industrial disputes there.

Fuel swop halves company's production costs

A LEEDS based family company has almost halved its production costs after recently changing from oil to coal.

Craven Calvert, animal fats and animal feeds processors, made the change in January and already production costs have dropped from £10.44 a tonne to £6 a tonne.

The conversion cost £72,000 but, with 25 per cent off through the government-assisted grant available to industrialists wishing to change from oil, gas to coal, Craven Calvert paid £54,000.

After three months on coal the company is on target to repay its capital outlay within two years.

Mr Christopher and Mr Michael Craven, the joint managing directors, became concerned last year that processing costs were rocketing due to the rise in oil, gas prices.

Mr Christopher Craven said: "The bulk of our fuel costs are on processing and so savings made in supplying energy for processing raw materials are invaluable to a firm like ours.

"Last autumn we called in heating consultants and asked them for a costing. They advised us to go the whole hog and convert to coal."

Mr Craven's experience with old-style coal handling on coal-fired plant was unhappy and, in spite of the obvious savings *to be made, he was reluctant to* commit himself and the company.

The NCB, however, arranged for him to tour modern coal-fired installations and he went back to his office and commissioned the change.

The conversion included a new boiler, a new chimney and *a coal silo of 44 tonne capacity.* The coal boiler replaced one oil boiler and one oil-fired generator.

Increase in invalid care allowance urged

BY RAYMOND SNODDY

THE Equal Opportunities Commission yesterday called on the Government to spend more on those prepared to look after disabled and elderly relatives at home.

The commission believes as many as 1.25m people, most of them women, may be "carers" who because of interrupted employment have only poverty to look forward to in their own old age.

"The *Government's community care policy is revealed* as a euphemism for an under-resourced system which places heavy burdens on individual members of the community, most of them women. It represents care on the cheap," the report says.

The EOC also accuses the *Government of discrimination* against married women over the payment of the invalid care allowance (ICA). The allowance is available to women who have always been single and to all men provided they cannot work because they are looking after a severely disabled person.

It is not paid to married or cohabiting women on the grounds that they would not normally have a job and therefore could not lose income by providing care.

"Women bear a disproportionate responsibility for caring, and married women in particular suffer from the assumption that they would not normally be employed outside the home anyway — for them caring is deemed to be a wifely duty."

The commission wants the invalid care allowance extended immediately to married and *cohabiting women and for it to* continue after the death of the dependent where the carer has no job to go to. The allowance should also be raised eventually to the equivalent of the long-term rate of supplementary benefit.

The EOC proposes that there should be non-contributory, non-taxable "carer's benefit" for those who look after elderly, infirm or disabled relatives who require a lot of care but are not incapacitated enough to receive attendance allowance.

The cost of the new benefit could be partly offset by abolishing the tax allowance for dependent relatives and the son's and daughter's service allowance.

Apart from increasing benefits, the EOC says employers and trade unions should work together to evolve more flexible working arrangements for carers. *A substantial expansion* of back-up services provided by local authorities is also needed.

It is essential the problems arising from a rapidly increasing population of aged and infirm people should be tackled now before crisis point is reached, says the report.

There is considerable evidence to suggest that failure to consider the needs of the family as well as those of the dependent created such problems that the old and disabled had to be taken into hospital.

One study of a geriatric hospital in Glasgow revealed that less than half of the patients were admitted solely for *medical reasons.* They were there because of the carer's ill health or inability to cope.

"The lack of support for carers means they are faced with an impossible burden. Individuals must not be expected to cope alone with the care of the sick, the elderly and the disabled and there is an urgent need for a properly resourced community care policy," the EOC says.

It is also ironic that cuts in services make it more likely that more dependents need expensive residential care, says the report.

Caring for the Elderly and Handicapped and Who Cares for the Carers, both available free from Publicity Section, EOC, Overseas House, Quay Street, Manchester M3 3HN.

Women's role in business purchasing 'very small'

BY TIM DICKSON

WOMEN MAY vastly outnumber men as they swoop into Sainsbury and Marks and Spencer to stock up for the home—but their influence on purchasing by businesses is "very small."

That is the main conclusion of a survey conducted by the Economist Intelligence Unit (EIU) for Makro, a leading cash-and-carry group, which claims a 12 per cent share of *the UK market.*

The survey of a random sample of Makro customers in four big UK cities found in the retail and catering sectors that only 15 per cent of businesses give a woman total purchasing *responsibility.*

Women in London play an even smaller role in purchasing than those elsewhere in the country. Of companies in the other three cities covered by the survey—Manchester, Glasgow and Newcastle—Mancunian ones employ the biggest number of women purchasers.

Despite the market regional imbalances a greater proportion of married couples appear to work *together in retailing and* catering businesses in the London area.

It appears, however, that men have a high regard for women's effectiveness in purchasing — even if they do not practise what they preach. More than half of those interviewed — 75 per cent of whom were men—thought women just as capable as men; 23 per cent thought that they were more so.

"The findings show that some of the views expressed may be lip service, rather than a solid commitment to the woman's role in business," Mr Jim Lowe, Makro's marketing director, said yesterday.

Makro says it commissioned the research because of the big discrepancy it had already detected between the number of consumer purchasing decisions and the number of business purchasing decisions taken by women.

Research carried out on consumer buying habits shows that in the home women influence something like 80 per cent of purchases.

Clearly keen to see more of the female touch in its warehouses, the company is starting to promote itself more with women in mind. Angela Rippon and Geraldine Rees (the first woman jockey to complete the *Grand National course)* have been signed up for publicity purposes.

Makro, however, admitted yesterday that only three of its 15 senior buyers in the UK are women.

Winter deadline for breakwater extension

BY OUR ISLE OF MAN CORRESPONDENT

WORK on the extension and protection scheme at the Battery Pier Breakwater, Douglas, Isle of Man, is expected to be complete by the end of the year.

Mr John S. Moore, resident agent for French Kier Construction, the main contractors, said *the aim was to complete the* job before the worst of the winter, otherwise temporary measures to protect the work already finished would be needed and the completion would have to be delayed until the weather improved.

The scheme involves the building of a protective rubble mound wall on the seaward side of the existing breakwater (built in 1879 and seriously weakened over the years) and a 470 ft long rubble mound extension to the breakwater to give improved protection in the inner and outer harbours.

At present the harbour, the island's major port, has to be closed for several days if a strong south-easterly gale is blowing.

The protective mound is completed along the inner part of the present breakwater, built originally with two walls and the area between them filled with rubble. Along the shorter outer section, built of concrete blocks, the mound will have its armour coating of large granite blocks put in position.

This will be followed by the placing of the outer casing of concrete blocks over the armour. The blocks, known as stabits, interlock when placed in position.

The extension work is now 230 ft from its start line, the central rubble mound being built above high water level for this distance. It is being extended and raised by rubble brought to the site from the Stoney Mountain granite quarry some 10 miles away. A large fleet of lorries is running on a carefully designated route between the quarry and the breakwater.

Mr Moore said it was intended that work should start soon on building the concrete navigational dolphin which will form part of the point of the extended breakwater.

This dolphin, which will carry navigation lights, and a buoy, already laid by the Isle of Man Harbour Board, will mark the entrance of the new deep-water channel into the harbour. To make this channel safe for shipping, part of the Conister Flakes Reef, on the landward side of the buoy, has been blasted away and the rubble dredged and deposited along the line of the breakwater extension.

The Harbour Board has already published its proposed system of lights, which will include a lighthouse equipped with a foghorn at the end of the extension.

Douglas harbour is already radar-controlled.

Manx customs agreement 'should stay'

BY OUR ISLE OF MAN CORRESPONDENT

THERE SHOULD be no immediate changes in the customs union between the Isle of Man and the UK, says a select committee in a recommendation to Tynwald (the Manx parliament).

"It would be imprudent to make any recommendation which might involve considerable risk to the island's prosperity and the employment opportunities for its residents *at a time of world recession,*" says the committee.

"Bearing in mind fears expressed by the industrial sector of the difficulties which might be imposed by the creation of any customs barrier, your committee would not wish to make trading conditions any more difficult at such a time.

"[illegible] close investigation into these apprehensions with a view to determining if *they are valid* and whether they can be satisfied in whole or in part."

The report, which will be discussed on May 18, says some sectors of the Manx economy, particularly the tourist industry, are calling for abrogation of the customs union.

The views of the tourist industry and island's finance sector, which had in part also called for abrogation, will be sought by the committee and carefully scrutinised.

The committee says some 3,000 people are employed full time in manufacturing industry and the tourist industry provides only seasonal employment.

It also points out that any changes in indirect taxation made to benefit the tourist industry would mean, at first anyway, a revenue loss to the Manx Government, which would have to be made up in other ways.

An appendix says the British Government may agree to reductions in the 5 to 10 per cent range in tobacco and petrol duties, but is totally opposed to changes in duties on alcohol and VAT rates.

Britain, says the report, warns that abrogation of the agreement could have a serious consequence for the tourist industry; a reduction in the number of air and sea ports in the UK from which it would be possible to travel to the Isle of Man.

Director quits board of British Sugar

By Ray Maughan

MR JOHN PADOVAN, the County Bank director appointed to the board of British Sugar Corporation to represent S and W Berisford's 40.02 per cent shareholding after its hotly contested £200m bid lapsed last summer, resigned yesterday.

The move followed its exclusion from consideration of British Sugar's profit and dividend forecasts for the year to September 26 1982.

British Sugar published a strong rise in interim profits yesterday and projected profits for the full year of £60m and a total dividend of 35p per share. The group, headed by Sir Gerald Thorley, is acutely aware that Berisford will be free to bid again after July 2 and gave these forecasts in the belief that "shareholders should be aware at this stage of its assessment of prospects for the year."

In a letter to British Sugar and the Stock Exchange, however, Mr Padovan said "it is, in my opinion, improper and inconsistent with my carrying out my duties as a director of British Sugar that I should have been excluded from consideration of the proposed profit forecast."

He said he had joined the board accepting "the same obligations of confidentiality regarding the affairs of British Sugar as all other directors.

"In addition I made it clear that I would not participate in discussion of any matter directly relating to S and W Berisford, or in any consideration of any offer if made. I cannot regard a forecast, made at this time when no offer from Berisford exists or could be made for some months, as a matter directly relating to Berisford in which I should not participate; to do so would really negate my function as a director."

Builders report significant increase in housing starts

BY ANDREW TAYLOR

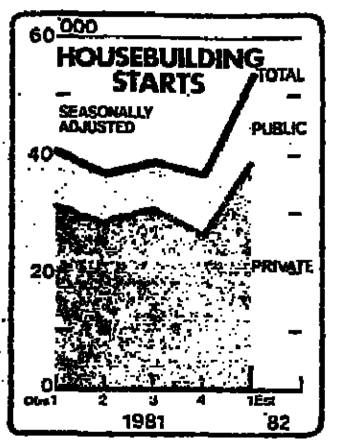
THE FIRMEST evidence yet of a recovery in house building has been provided by Government figures showing a significant rise in the number of new homes started in the first quarter of this year.

According to figures published yesterday by the Environment Department work was started on more than 44,000 public and private sector homes in the first three months of this year. This compares with only 33,000 starts made in the first quarter of last year.

Leading housebuilders said yesterday that the rise in building activity reflected the growing confidence in the housing market.

Mr John Swanson, sales and marketing director for Barratt Developments, the country's largest private house builer, said lower interest rates and the ready availability of mortgage finance from building societies and banks was encourging more people to buy.

Mr David Eaton, sales director for Wimpey Homes, said sales of new houses by Wimpey had risen sharply in the past two months. Sales in March and April were running about 20 per cent higher than in the same two months last year. There was a particularly strong demand from first-time buyers.



Mr David Holliday, managing director of Laing Homes, which concentrates most of its building activity in the more affluent southern part of the country, said sales in the first quarter were 50 per cent higher than in the first three months of 1981.

The government figures show that the rising trend in new housing starts has occurred in both the public and private sector. Almost 12,000 public sector homes were started in the first quarter of this year—which on a seasonally adjusted basis represents a 40 per cent increase on the fourth quarter of 1981 and is 67 per cent more than in the same period a year ago.

There was a strong improvement in private sector housing starts in the first quarter. Seasonally adjusted starts in the first three months were 47 per cent higher than in the first quarter of last year.

The House-Builders Federation said the rise in building activity was extremely welcome but that the improvement was not necessarily reflected in all areas of the country. The rise in housing starts was coming from an extremely low base after two very lean years for house builders.

May Day move

A BILL to replace the May Day bank holiday in England with a holiday on St George's Day, April 23, is to be introduced into the Commons later this month under the Ten-minute rule procedure.

Its sponsor is Mr Robert Atkins, Conservative MP for Preston North.

Accountants to scrutinise atom agency spending

By David Fishlock, Science Editor

THE "efficiency and economy" of the UK Atomic Energy Authority are to be scrutinised by an independent firm of accountants, as part of the Government's examination of public sector spending, the Energy Department announced yesterday.

The UK AEA expects to receive a parliamentary vote of £221m for 1982-83, compared with £218m this year (of which it has spent £206m).

The total income of the authority for 1982-83 is estimated at £414m, including about £20m received from the department for managing the alternative energy research programme (known as ETSU) at Harwell.

The balance in income is made up by work done, for repayment, for both the public and private sector.

Peat Marwick Mitchell and Co has been asked jointly by the UK AEA and the Energy Department to review the efficiency and economy of the operation.

The authority said it would not be investigating the level of the parliamentary vote, nor the way money is distributed among the various programmes.

An internal review of the authority's research programme—carried out by a senior scientist at the request of the chairman, Dr Walter Marshall—has already begun.

The Peat Marwick investigation is the latest of several such probes along similar lines in the public sector and initiated by the Government—including those into British Airways (nearing completion), British Rail (just starting) and the British Gas Corporation.

BNOC and Arco in Dubai gas discovery

BY RAY DAFTER, ENERGY EDITOR

BRITISH National Oil Corporation has shared in a major natural gas discovery in the Middle East.

The find, in Dubai, is BNOC's first success overseas. The discovery well was drilled by Atlantic Richfield, operator of the joint venture with BNOC.

Atlantic Richfield said its Arco Dubai subsidiary had discovered "significant" natural gas and oil reserves with its Nazwa-1 well in Dubai. The onshore well—the first to be drilled by the Arco-BNOC partnership—tested natural gas at a rate of 34.4m cu ft a day. Condensate—very light oil with a specific gravity of 50 degrees API (American Petroleum Institute)—flowed at a rate of 2,330 barrels a day. The oil and gas were found below 11,000 ft.

Dubai officials said further drilling would be carried out to delineate the extent of the discovery. It was expected the gas would be used in the Jebel Ali port area and in the Dubai Aluminium Smelting and Electric Company. It was also possible that some gas would be exported.

BNOC holds a one-third interest in the Arco drilling concession which extends over about 80 per cent of Dubai's land area.

State-owned BNOC is trying to build up foreign oil and gas assets as an insurance against the day when North Sea production begins to decline. These assets will be included in BritOil, the corporation's exploration and production business which is to be offered for sale to the public.

● Oil prices are expected to rise moderately, though erratically, in real terms over the next 10 to 15 years, Prof Colin Robinson, Professor of Economics at Surrey University, told conference delegates in London yesterday.

Such price movements would continue to encourage fuel users to shift from oil to other forms of energy, he said at the World Coal in the 1980s Conference. Little could be expected from high-cost synthetic fuel production over the next 15 years. Renewable forms of energy, though potentially very significant in the long term, would also make little contribution.

Plea on energy efficiency

BY OUR ENERGY EDITOR

THE British Gas Corporation and area electricity boards appear to be weakening the Government's energy conservation message, according to leading industrialists.

Mr Nigel Lawson, Energy Secretary, said a survey of 94 sectors had shown that the companies in nine industrial promotional activities of the state-owned gas and electricity industries seemed to conflict with the Government's energy conservation campaign.

He was reporting on the findings of a report from consultants Armitage Norton who were commissioned a year ago by the Energy Department to look at energy efficiency within British industry.

Mr Lawson told the Association of British Chambers of Commerce in London last night that only recently had industry's emphasis on cost-reducing investment begun to approach spending on product development.

It was natural that the top priority of most companies had been the reduction of labour costs, he said.

"But as success is achieved on that front I hope that energy costs can and will be given the same treatment."

Car output dropped sharply last month

By Kenneth Gooding, Motor Industry Correspondent

CAR PRODUCTION dropped sharply last month, according to provisional estimates from Industry Department.

Output of 65,00 cars was 28.6 per cent down from that recorded in April last year when 91,000 were produced, and well below the average of recent months.

Serious

A serious dispute which stopped Ford's plant at Halewood on Merseyside for a week was partly responsible.

Ford said the dispute cost the production of 6,700 Escorts.

Output of the Triumph Acclaim and the Austin Ambassador was also interrupted by a dispute at BL's Cowley, Oxford, plant last month.

Even so, the underlying trend of car output in April was firmly down.

The April result set back the total for the year so far and after four months car production had fallen 4.5 per cent from 396,000 to 321,000.

Below average

Commercial vehicle output in April was also below the recent monthly average at 20,500 but in line with the same month last year when production of 20,600 commercials was recorded.

For the first four months commercial vehicle output of 90,100 was nearly 16 per cent ahead of the 77,900 produced in the same period of last year.

But, as the department pointed out last night, "this represents an increase from a very low level."

Applications for machine tool aid soar

BY LORNE BARLING

APPLICATIONS FOR the Government's scheme to help small companies buy machine tools have soared in the past 10 days, according to Mr John MacGregor, Under-Secretary of State for Industry.

He said in a reply to a Commons question yesterday that about 800 applications had now been received, compared with less than 400 early last week, underlining industry fears that the £20m allocated to the scheme will soon be exhausted.

The Small Engineering Firms Investment Scheme was set up at the start of last month to provide a grant of around one third of the cost of new machine tools and other capital equipment to eligible companies.

Since then the administrative headquarters of the scheme in Birmingham has been swamped with applications. But until this week it has been unable to approve any because European Community approval under competition regulations had not been received.

The go-ahead has now been given and Mr Cyril Beavor, the Department of Industry official in charge of the scheme, said all eligible applications would now be granted. The logjam would start moving this week.

No decision had been made about calls for an increase in the scheme's fund.

Business improvement aid plan

By Tim Dickson

AN INITIATIVE to assist businessmen with inadequate premises in the London area to improve them was launched yesterday by the London Industrial Buildings Group.

Named "Hot Line," it is a free telephone advisory service provided by architects, surveyors, engineers and builders. Businessmen with problem premises causing production hold-ups or high costs can ring the number (01-631 0771) for a free consultancy session with a group member.

The aim is to identify the trouble and refer the caller to a professional or corporate body able to carry out the necessary work.

"Inappropriate premises can frequently inhibit industrial production and more money is poured away in maintaining inefficient premises than into cost-effective improvements," Sir Monty Finniston, chairman of the Economic Development Committee for the Building Industry, said in launching the service yesterday.

The group is a non-profit body representing the Royal Institute of British Architects, the Royal Institution of Chartered Surveyors, the Association of Consulting Engineers, the National Federation of Building Trades Employers and the Chartered Institute of Building Services.

Humber Kitchens set to buy Hygena trade name

BY MARK WEBSTER

PRIVATELY OWNED kitchen furniture makers, Humber Kitchens, looks set to buy the Hygena trade name from the Norcros group.

Hygena, once the leading British kitchen furniture maker, went out of business in January this year after persistent losses.

Although there were several inquiries about purchasing Hygena when it was closed, Norcros did not consider any of them a serious bid and made it clear that it would eventually put the name up for sale.

No one was available for comment yesterday at Humber Kitchens on Humberside, and Norcros said it did not wish to prejudice the outcome of any possible deal by making a premature statement.

Several British and foreign companies are known to have expressed an interest in buying the trade name of Hygena, which established itself in the early 1970s boom market for DIY kitchen furniture.

The acquisition of the trade mark makes good sense for Humber Kitchens, which is majority owned by a Channel Island trust.

More than 50 per cent of the company's output is sold to the MFI and Status DIY stores, which merged in 1980, and which cater for the high-volume, cheaper end of the kitchen furniture market.

Former Hygena managing director Mr Ken Walker has set up his own small company, Wentworth Furniture, which is making two of the ranges previously produced by Hygena.

BR halts freight imports

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH RAIL has been swamped by an upsurge of freight imports from the Continent and has put a temporary embargo on further traffic while it works through the backlog.

*About 250 wagons are await*ing shipment at Zeebrugge, Belgium, including 62 which arrived yesterday morning. It will take BR about a week to clear them on the ferry run by its Sealink subsidiary.

In recent months Sealink has removed three ships from its Harwich, Zeebrugge service leaving only the Speedling Vanguard which was built in 1973 and has a capacity of 3,500 gross registered tons.

Most of the wagons awaiting *shipment from Belgium carry* freight from West Germany. BR said, however, that the backlog was by no means typical of the general traffic level.

The remaining ferry on the route does one round trip a day. The crossing takes seven hours.

Chase annual report tops poll

BY ALAN FRIEDMAN

CHASE MANHATTAN BANK, the third largest U.S. bank in terms of assets, published the best annual report among the world's big banks according to a survey of 100 published yesterday by the Financial Times.

Credit Agricole, the large French banking group, produced the worst annual report, according to the survey.

It evaluated the reports using criteria based on international accounting standards and on a survey of those who use and those who prepare the reports.

The quality of each report was rated on a scale of A to E. Chase Manhattan's was the only one to score A.

According to Mr Martyn Taylor, one of three co-authors, a principal finding was that the average standard of bank annual reports is "not good." Mr Taylor said the bank report standards did not compare with those of commercial companies and recommended a greater degree of international comparability and better disclosure of financial information.

Of the 17 countries in which bank reports were examined, U.S. bank reports received the best rating, with 23 grade Bs. Six British banks received the B rating and Barclays was judged the best UK report. Had the latest Barclays and Midland reports been included in the survey, they would have been also judged to be grade B.

For non-financial information, French and Swiss banks were judged the best. Argentine banks came 10th out of the list of 17 countries examined.

Mr William Ogden, vice-chairman of Chase Manhattan, thanked the authors for their judgment that his bank was the best and used the occasion yesterday to issue a call for less "regulatory overkill" from Government bureaucrats.

"We at Chase believe that the private sector rather than Government regulators should play a greater role in the development of disclosure standards," said Mr Ogden.

He refused to disclose, however, the extent of Chase's loan exposure to Argentina or Poland, saying this was a matter of bank-client confidentiality.

Bank Annual Reports—Financial Times 1982 World Survey, 269 pp. By Michael Lafferty, David Andrews and Martyn Taylor.

THE BEST AND WORST OVERALL ANNUAL REPORTS

Country	Best	Worst
Argentina	Banco de lan Nacion Argentina	Banco de la Provincia de Buenos Aires
Australia	Australia & New Zealand Banking	Commonwealth Banking
Austria	(Only one bank surveyed)	
Belgium	(Only one bank surveyed)	
Brazil	Banco de Brasil	Banco Brasileiro de Descontos
Canada	Royal Bank of Canada	Canadian Imperial Bank of Commerce
France	Credit Industriel et Commercial	Credit Agricole
W. Germany	Bayerische Vereinsbank	Bayerische Landesbank
Hong Kong	(Only one bank surveyed)	
Italy	Banca Commerciale Italiana	Cariplo
Japan	Bank of Tokyo	Sumitomo Trust and Banking
Korea	Korea Development Bank	Korea Exchange Bank
Netherlands	Algemene Bank Nederland	Nederlandsche Middenstandsbank
Spain	Banco de Bilbao	Banco Espanol de Credito
Switzerland	Swiss Bank	Swiss Volksbank
UK	Barclays Bank	Standard Chartered Bank
U.S.	Chase Manhattan	National Detroit

Pay rises of 6% for nearly 1m

GOVERNMENT decisions on pay review reports for dentists, doctors and the armed services, and on the arbitration tribunal award on Civil Service pay, mean increases of around 6 per cent for nearly 1m workers in the public sector—2 per cent *above* the Government target.

The increase means that only one group of public sector workers—the non-medical staff in the National Health Service—is faced with a 4 per cent offer. Health unions now see their case for a higher increase strengthened by yesterday's decisions.

Arbitration award for civil servants

By John Lloyd, Labour Editor

THE GOVERNMENT's decision to pay some 500,000 non-industrial civil servants the full increase specified last month by the Civil Service Arbitration Tribunal removes the possibility—which the Government kept carefully in reserve—that the issue would be referred to the House of Commons.

Mr Barney Heyhoe, a Treasury minister, said yesterday that the award "retained the shape" of the Government's offer in giving higher increases to people with longer service.

It is the retention of the "shape" which has persuaded the Government that it should swallow its intention to keep civil servants' pay down to the 4 per cent floor.

The unions had claimed a pay increase of 13 per cent from April 1 for all non-industrial civil servants or for a rise of £12.50, whichever was the greater. The Government offered rises ranging from zero to 5.5 per cent, with the higher increases going to those with longer service.

The Arbitration Tribunal recommended pay increases of between 4.75 and 6.25 per cent together with longer holidays for the lower grades—an average increase of 5.9 per cent.

In accepting the award, the Prime Minister made it clear yesterday that its cost will be met, as far as possible, within existing cash limits. These limits were reduced by the Chancellor in his Budget to offset the reduction in the National Insurance Surcharge proposed for the entire public service.

The revised cash limits have yet to be announced.

Mrs Thatcher said in her written answer: "It is only if, later in the year, exceptional difficulties arise in the case of particular cash limits that limited calls on the contingency reserve may be considered."

Doctors, dentists miss full award

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT has decided once again to risk the *wrath of the medical profession* and the members of the review body on doctors' and dentists' pay by refusing to implement the full rise recommended for the second year running.

It has rejected the board's recommendations that docters should be compensated for the cutback in the recommended increase last year by getting a larger increase this year than would be justified by other factors.

Instead, it is once again limiting the average increase to 6 per cent.

In its report published yesterday the board recommended that doctors and dentists should get an average of 6 per cent above the increase the board recommended last year. But since the Government cut back last year's recommended increase by 3 per cen this implied a rise of 9 per cent this year.

Th Government said yesterday however that it was not prepared for this element of catch-up at presen and that doctors' and dentists' pay would be increased by an average 6 per cent on current levels with effect from April 1.

Within this 6 per cent average there will be quite large variations, with some hospital training grades getting as much as 8.2 per cent.

Details of the proposed scale, which the Government said would "follow the relatives" recommended by the board, are to be published shortly by the Department of Health and Social Security.

The board recommended that, within the broad 6 per cent increase over last year's recommended level, some grades grades should get much bigger increases than others.

It said junior hospital doctors should get rises ranging from 6.3 per cent to 8.2 per cent while all other groups should get increases of between 5.3 to *5.9 per cent.*

The board costed its recommendations at £9m a year on the basis of 1981 staffing levels.

In the introduction to its report the board stressed its "deep concern" over the Government's decision last year to cut back the recommended increase.

"We consider it vital that we *operate and are seen to operate* on a truly independent basis," is said.

The review body said that special considerations should apply this year to the case of junior hospital doctors. A survey carried out for the board by Offic of Manpower Economics, covering about 900 junior hospital doctors and dentists, showed that the doctors in the sample were on average contracted for 88.8 hours a week and spent an average of 83.8 hours on duty. When on duty, average hours worked were 55.3 hours.

The board rejected the proposals for payment of hours beyond 40 per wek put to it by the representatives of junior hospital doctors.

Nevertheless it said the results of the OME survey confirmed the "continuing incidents of excessive hours of duty and of work by some junior doctors." It said it believes the efficiency of the service provided to patients would "remain seriously at risk" as long as this situaiton persisted.

Had the Government accepted the recommendations in full, general practitioners would have received an average net pay of £19,500 from the beginning of April. General dental practitioners would have had a target average net income of £16,880.

The recommendations would have given consultants a scale ranging from £17,830 to £22,870.

Tories keep pledge to Services

BY IVO DAWNAY, LABOUR STAFF

THE GOVERNMENT yesterday stuck by its manifesto commitment to implement pay awards recommended by the Armed Services Pay Review Body by accepting increases averaging 6.1 per cent for Britain's 340,000 servicemen.

However, the Review Body's recomendations vary greatly from rank to rank. *Salary* increases for officers range between 4.5 per cent and 8.9 per cent: for warrant officers and senior NCOs between 5.6 per cent and 7 per cent; while increases for corporals and lower ranks are between 4 per cent and 5.8 per cent.

A brigadier's salary will rise from £20,900 to £22,750. A second lieutenant will receive a £299 rise taking his pay to £6,249 a year. The highest pay for a private goes up from £4,960 to £5,212.

All rises will be backdated to April 1.

But pay increases for all ranks will be reduced by increased food and housing charges.

The current food charge of £11.69 a week is to rise by 13.2 per cent to £13.23 a week. Accommodation charges for married servicemen increase from £386.90 to £448.95 for the lowest ranking groups and from £1,485 to £1,850 for the most senior officers.

Single servicemen are to pay a £36.50 accommodation increase taking annual rates to £182.50 while single officers of the rank of Lt Colonel and above will pay £762.85—a £73 increase.

For the first time married servicemen unaccompanied by a wife and family will pay a £5 a week food charge.

The review body says the armed services are "generally up to strength." The number of servicemen wanting to leave the forces early is now lower than at any time since the ending of National Service.

All pay rates for members of the armed forces take into *account the X factor—a compensatory* payment for the aspects of service life which differ from those enjoyed by civilians.

Servicewomen this year are having their X-factor rate boosted by 2.5 per cent to cover their increased use in operational headquarters and the newly introduced firearms training.

Overall, the pay awards are unlikely to be popular with armed forces personnel—particularly the lower ranks.

Port faces fresh trouble over job cuts

By Our Labour Staff

THE PORT of Southampton is set to be plunged back into the labour troubles which disrupted it for 10 months last year.

Port employers say "serious job losses" by their staff are now almost inevitable after the breakdown yesterday of 11th-hour talks aimed at settling a dispute about shortages of foremen.

The breakdown came after a day of negotiations. It means employers might now have little choice but to implement their threat to curtail cargo-handling by reversion to single-shift working by 6 am tomorrow.

The threat was made in an attempt to force a solution of a long dispute over the dockers' desire to share formen's work during shortage.

This week it was disclosed that the port's state-owned operator, the British Transport Docks Board—which lost more than £13m last year through labour disputes—had warned unions that it would have to cut 1,550 posts, including 800 dockers' jobs, if no agreement were reached.

It is believed local management has been told that the board will no longer be prepared to subsidise the port's losses.

All parties broadly accept the solution of temporary foremen being appointed from the dockers' ranks but there has been great difficulty over detail.

The seriousness of the crisis in the port has been underlined by the news that eight ships are already due to use other ports over the next week.

Health service staff likely to step up action next week

BY IVO DAWNAY, LABOUR STAFF

THE NATIONAL and Local Government Officers' Association is authorising its 100,000 National Health Service members to begin industrial action from Monday.

Nalgo said the aim was to reduce the NHS to emergencies only within four weeks. It would act in concert with other TUC unions.

The TUC health services committee meets on Monday to decide on industrial action against pay offers of between 4 and 6.4 per cent. The unions' common claim is for 12 per cent.

Nalgo said its action would take various forms, including meetings in work time, and an overtime ban and work-to-rule. Its members include administrators, paramedical staff, nurses and technicians.

The National Union of Public Employees is expected to report that an overwhelming majority of its 300,000 health service members favour industrial action over pay at a meeting of its executive today.

Action is already being taken by the 235,000 NHS members of the Confederation of Health Service Employees. It is likely to order an escalation next week, Mr Albert Spanswick, general secretary, said yesterday.

The union has called a meeting of its national executive committee next Wednesday to review the effects of its campaign, launched last week for a 12 per cent pay rise.

Cohse leader Albert Spanswick: warned of low pay

Officials believe that the high level of support already shown for the campaign, combined with the Government's continued refusal to increase its 4 to 6.4 per cent pay offer, will persuade the executive to increase the pressure.

Industrial action already taken by over 800 of the union's 800 branches has included two-hour selective stoppages, bans on non-emergency admissions to hospitals and members refusing to cover for absent senior staff.

New measures likely to be considered by the executive could include a boycott of local committees planning the reorganisation of the health service, a ban on the transfer of staff between departments and a refusal of members to accept any closure of hospital units.

The executive may also consider a national work to rule and withdrawal of co-operation. However, Mr Spanswick reaffirmed yesterday that every attempt would be made not to jeopardise patient care.

The executive will draw up its proposals after hearing the outcome of a TUC Health Services Committee meeting on Monday. The 14-union committee is expected to announce detailed plans for a co-ordinated campaign of action throughout the NHS to be launched shortly.

But Mr Spanswick said yesterday that whatever the decision of the TUC committee Cohse would continue its action. Presenting a pamphlet on low pay in the NHS, he claimed that more than 400,000 health service staff earn less than £82 a week—the point at which family income supplements are paid by the Government, to families comprising two adults and two children.

London bus strike set for Monday morning

BY BRIAN GROOM, LABOUR STAFF

RUSH HOUR bus services in London will be disrupted on Monday morning by a one-hour strike. Drivers and conductors will stop work between 7 and 8 am in protest against job losses and service cuts.

Leaders of the Transport and General Workers' Union warn that they are likely to call further one-hour strikes without notice.

The TGWU is opposing service cuts which London Transport wants to introduce following the Law Lords' ruling against cheap fares financed by large Greater London Council subsidies.

Maintenance engineers on LT have also started a work-to-rule and overtime ban.

London Transport said: "We very much regret the decision of to take this action, which will inconvenience the travelling public at a particularly difficult time."

It said it needed to cut bus services in July following the Law Lords' ruling, and because of the considerable decline in passengers.

LT said it was taking steps to make the new services more reliable, and was doing everything possible to make staff savings by natural wastage

Environment conservation

The Duke of Edinburgh will be principal speaker at the Council for Environmental Conservation's first members' conference next Tuesday.

He will speak on world conservation strategy to an audience representing conservation bodies from all over the country. The strategy is aimed at encouraging governments and industry to take greater account of the need for conservation.

County may use private contractors

Financial Times Reporter

SUFFOLK County Council is considering handing over four of its social services to private contractors. But unions involved were assured yesterday that they would be consulted before a recommendation is made.

A review panel is looking at school meals, road maintenance, residential care for the elderly and the council's in-house printing service. The council wants to compare the cost and efficiency of the private sector with the service provided by local authorities.

Tebbit firm in opposing MSC proposal, **Alan Pike** reports

Youth training rebels 'must lose benefit'

THE GOVERNMENT had no duty to provide young people who refused to join training schemes with taxpayers' money "as an incentive for them to opt out of working life." Mr Norman Tebbit, Employment Secretary, *said* yesterday.

He told the West of England Engineering Employers' Association at Bristol that the Government did not think it justifiable to provide supplementary benefit to 16-year-olds in their own right, and had announced that it would end in 1983.

The issue of whether unemployed 16-year-olds who decline to take part in the proposed new Youth Training Scheme should be denied supplementary benefit has emerged as the central point of contention between Mr Tebbit and representatives of industry and education on the Manpower Services Commission.

The members of the MSC have unanimously recommended to the Government that young people who are not prepared to join the year-long programme of training, work experience and further education—which is to be introduced for the young unemployed in September, 1983—should still qualify for benefits.

But Mr Tebbit stressed yesterday that, if some young people were to choose not to take part, *that would be their own decision.* "Supplementary benefit is a safety net for those in need, for whom the State needs to provide. It will remain for special groups, such as those disabled young people who are unable to benefit from the guarantee of a training place. It is not meant to be a mattress to support those who prefer opting out."

The Government signalled its intention, to introduce legislation to prevent 16-year-olds from qualifying for supplementary benefit in their own right, in the New Training Initiative White Paper, published in December. It would be the responsibilay of the Department of Health and Social Security, rather than Mr *Tebbit's department to come* forward with the leigslation, and no decision on the timing had been made. Some supporters of the Youth Training Scheme would like to see the whole

Employment Secretary. Norman Tebbit

question defferred for a while, to facilitate a calm atmosphere for the launch of the scheme next year.

It appears, however, that Mr Tebbit and his critics both feel at present that they can get the better of the argument. Employment ministers believe there will be public support for the sort of views expressed by Mr Tebbit yesterday. The MSC, for its part, is convinced that reluctant recruits would approach the new training scheme in a wrong way.

The argument is about a comparatively small number of young people, but it is a highly emotional one in the trade union movement. The evidence of the existing Youth Opportunities Programme is that many young people are enthusiastic about taking part. This is particularly apt to remain the case if, as seems likely, Mr Tebbitt accepts the MSC's recommendation that participants' allowances through the new scheme should be £25 per week—some £10 more than would be available as supplementary benefit.

Mr Tebbit stressed yesterday that the "bedrock or foundation" of the new training proposals was agreed between all parties. *But there were a* number of matters that required further consideration, such as funding in the longer term, and the availability of sufficient sponsors to provide training

Post workers warn of new technology threat

BY OUR LABOUR STAFF

THE restoration of full monopoly status to the Post Office and British Telecom, the potential dangers of new technology in the Post Office and renewed calls for amalgamation with the Post Office Engineering Union are the main items on the *agenda for the conference of* the Union of Communication Workers.

Ten motions and amendments to the annual report call on a future Labour Government to restore immediately the Telecom monopoly. Another six call for an end to all private contract cleaning in the Post Office. Two other motions call for a surcharge on equipment sold to private telecommunications companies and, for full support for any unions that take action against the private telephone network planned by the Mercury consortium.

By tradition the union is to the right of centre. It has about 185,000 members in the Post Office and about 10,000—mostly telephonists—at British Telecom.

The union was strongly opposed to the division of the Post Office and Telecom. The 15 motions that seek amalgamation with the main Telecom union, the POEU, reflect a desire that trade unionists should not follow the administrative example. The PIEU does not see full amalgamation as such a burning issue. Many of the amalgamation motions also call *for an end to talks with the* main union of postal executives.

A number of motions and amendments to the annual report warn of the effects of mechanisation over the next five years. There are calls for a comprehensive report on such effects, and a threat of non-cooperation unless the new technology is introduced with a 35-hour, five day week.

A demand that the union consider industrial action to resist all compulsory redundancies occurs in five motions. The issue of differentials between rank-and-file and supervisory *grades is taken up in another* nine.

● The executive of the POEU is circulating branches with an instruction to the union's 130,000 members not to make connections between the public telephone system and the private network proposed by Mercury.

CEASEFIRE MUST INCLUDE ARGENTINE WITHDRAWAL FROM FALKLANDS, SAYS THATCHER

Cabinet response to UN 'positive'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN IS making a positive response to the latest proposals of United Nations Secretary General Sr Perez de Cuellar for a peaceful settlement of the conflict with Argentina, the Prime Minister told the Commons yesterday.

Mrs Thatcher said the Government accepted these proposals as a framework for more detailed negotiations.

In addition, she said, Britain had made a "very constructive response to the U.S.-Peruvian initiative on the Falklands."

But despite the renewed peace efforts Mrs Thatcher did not believe there had been a change in the diplomatic climate in the last few days.

Repeatedly she emphasised that Argentina was the aggressor, and that there could be *no ceasefire unless it was accompanied* by a withdrawal of Argentine forces from the Falklands.

Britain was continuing its military activities. To do otherwise, she stressed, would allow Argentina to build up its *own forces in the area.*

"The important thing is we must get the Argentines off the island, where they are still in occupation, and if the United Nations cannot and if the negotiations cannot then we would have to," Mrs Thatcher *declared firmly.*

Mr Tom Cox (Lab Tooting) called on the Prime Minister to give a clear undertaking that Britain would not bomb the Argentine mainland.

Mrs Thatcher gave a lengthy reply to this, but noticeably *failed to give any such assurance.*

As on Wednesday the House was in a fairly restrained mood, although there was some barracking of Mr Michael Foot, the Labour leader, by Tory right wingers.

Once again *Mr Foot pressed* the need for a settlement through the United Nations. He thought Mrs Thatcher had given a positive answer, and he welcomed the tone of her response to the Secretary General's latest moves.

He thought there seemed to be a real chance of moving towards a ceasefire and a real peace settlement. Everything should be done to nurture this, and nothing should be done to injure it.

Mrs Thatcher assured him the Government was doing everything possible to pursue the diplomatic path to a negotiated settlement. She hoped to hear more later in the day about the U.S.-Peruvian plan, but it was not known whether Argentina would respond.

There had been rather conflicting reports about the Argentine response to the UN plan. It seemed clear, she said, that while the Argentines were very interested in a ceasefire they might not accept withdrawal of their troops. They might want to do it on a totally different basis and might require undertakings on sovereignty.

"It would not be impossible, indeed it may well be likely, that the Argentines are concentrating on a ceasefire without withdrawal," she went on.

"That would be a very evident *ploy to keep them in possession* of their ill-gotten gains. We are right to be very wary of it.

"The whole of mandatory Resolution 502 has to be accepted. There can be no ceasefire unless it is accompanied by a withdrawal which is *fully and properly* supervised."

In a second intervention Mr Foot wanted an assurance that there would be no deliberate escalation of the military action that might injure the prospects of a peaceful settlement.

Mrs Thatcher told him that the UN proposals were very much a framework. There were no specific details attached, no timetable, and no practical arrangements for their implementation. They were really a basis for discussion. Nevertheless, they did link cessation of hostilities with an Argentine withdrawal.

It was not justified, she thought, to suggest that there had been a change in the diplomatic climate. She reminded MPs that the present UN proposals were the sixth to be considered.

The Prime Minister went on: "I do stress again that the proposals, if they are to be acceptable and command confidence, must be precise as to the timing and the sequence and verification of events."

"That is the kind of government we are dealing with."

She reminded Mr Cox that there had been an escalation by Argentina ever since the invasion. Meanwhile our own people on the Falklands remained under what Mr Foot had called *the "brutal and foul aggression"* of Argentina.

"We must continue with our military activities. It would be all too easy to say 'end military activities,' but what would happen? We would be hamstrung.

"*Our people would still be under the heel of an invader* while the Argentines increased activities on the mainland, increased supplies and reserves in order to attack us at their will. That must not happen."

Mrs Thatcher expressed concern over the fairness of TV *and radio reporting* of the Falklands conflict.

Many people were very concerned indeed that the case for "our British forces" was not being put over fully and effectively, she said.

There were times when commentators were treating Britain and Argentina on an equal and almost neutral basis.

"If this is so it does give offence and causes great emotion amongst many people," she said.

Her remarks brought a shout of "sounds like censorship to me," from Mr Dennis Skinner (Lab, Bolsover).

Mrs Thatcher leaves Downing Street for Prime Minister's Question Time in the Commons

Government raises project grant levels for industry

BY JASON CRISP

THE GOVERNMENT yesterday increased the maximum level of grants to industry for research and development projects. It hopes this will encourage companies to bring forward plans to initiate new products and processes and reinforce the hoped-for improvement in the economy.

The maximum grant is being increased from 25 per cent to one-third of the project costs on all applications received from yesterday onwards. The new rate will apply for one year, said Mr Patrick Jenkin, Industry Secretary. He was speaking to members of the Society of British Gas Industries.

There is a strong hope in the Department of Industry that a considerable part of the grants will be used in developing high technology products. The grants, ever, can be given for the development of more basic products.

The DoI's budget for scientific and technological assistance *has now been increased to £260m* —a growth of 50 per cent in real terms in four years.

The increased cost of the grants is being met from the extra £130m the DoI received in the Budget to develop high technology. It will mean increased expenditure in fields where the Government is already allocating money to encourage the development of information technology.

These include fibre optics, robotics, computer-aided design and manufacture (CAD/CAM), space technology and microprocessor applications.

Most of the grants are made under the Product and Process Development Scheme (PPDS) and the Microprocessor Applications Project (MAP). Where a scheme is "innovation linked," grants of 33⅓ per cent will also be available under Section 8 of the Industry Act 1972.

The DoI now gets 40 to 50 applications a month through PPDS and 30 to 40 under MAP more than double the level of a year ago. The Government has budgeted £145m for industrial research and development grants this year, compared with *£90m last year.*

The department has also found a growing number of smaller companies applying for the grants.

MPs to vote on capital punishment call

MPS ARE to have another chance to vote on hanging, Mr John Biffen, Leader of the Commons, announced yesterday.

The debate will take place next Tuesday, during the Report Stage of the Government's *Criminal Justice Bill — provided business* is not interrupted by the Falklands crisis.

Mr Biffen said the Government would pave the way for capital punishment to be debated at the end of the day to enable MPs "to come to a decision on these matters."

New clauses on capital punishment have been tabled by Tory MPs Mr Vivian Bendall (Ilford, North) and Mr Teddy Taylor (Southend East).

They propose the death penalty for terrorism involving loss of life, for murder of police and prison officers, and for murder committed in the course of robbery, and for burglary involving the use of firearms.

Mr Biffen's announcement came during business questions after Mr Michael Foot, Opposition leader, had asked whether the new clauses would be debated.

Lloyd's sets up inquiry into Qantas business

By John Moore, City Correspondent

LLOYD'S of London has mounted a top level inquiry into allegations of irregularities in the renewal of the aviation insurance business of Qantas, Australia's national airline.

The background to the inquiry, which began last week, was given by Lloyd's chairman Mr Peter Green to a Lords select committee yesterday. The committee is reviewing the Lloyd's Bill, which is designed to improve the insurance market's self-regulation.

Mr Green told the committee, chaired by Lord Nugent of Guildford, that he had received a complaint on March 29 from the chairman of the Lloyd's Underwriters Aviation Association.

He felt, Mr Green said, that there had been irregularities and other actions in the renewal of the Qantas fleet's insurance which had not been in accordance with the high standards of the market. He asked for the matter to be investigated.

Mr Green saw Alexander Howden and Bain Dawes, insurance brokers involved with the account, and various underwriters.

"I had their full co-operation," he said.

He said it was alleged that Alexander Howden, as brokers, had made a "desk quote" for the account, whereby a broker quotes on business without consulting an underwriter.

Mr Green said Howden had given the name of an underwriter to Qantas. But the underwriter later denied that he had had any discussions on *the business and at the time* had been away on business in America. The lack of consultation "was very serious," said Mr Green.

"I decided that there should be a full inquiry," he told the committee.

Mr Green's disclosure came during cross examination by Mr Robert Alexander, QC, representing a group of Lloyd's interest which are opposing clauses in the legislation granting a Lloyd's Council legal immunity from suits for damages.

Mr Alexander questioned Mr Green on whether the Committee of Lloyd's had ever shrunk from its duty to take action against members of the market even though it was not protected by immunity. Mr. Green agreed that the Committee had not.

Earlier, Mr Francis Wetzel, a U.S. insurance specialist and an underwriting member of Lloyd's told the committee that he was aware of abuses in the market.

Mr Wetzel, appearing for Lloyd's said he was aware of an incident 15 years ago where extreme pressure had been put on an underwriter by a broker to lead the insurance of a particular risk. The underwriter was forced to resign.

Mr Wetzel told the committee he was in favour of legislation which will require insurance brokers to sell their shareholding links with underwriting agencies, the group's which run underwriting syndicates.

The market would be better for it, he said.

Edwards forecasts imminent recovery in Welsh economy

BY IVOR OWEN

WALES CAN soon expect to begin to share in the wider improvement which is becoming increasingly apparent in the British economy, Mr Nicholas Edwards, Welsh Secretary, told the Commons last night.

He looked forward to "major new expansion projects" in the coming months, but warned that, during the same period, particular localities are likely to be hit by fresh redundancies arising from rationalisation or closure plans.

Mr Edwards announced that the Welsh Development Agency is to set up a new subsidiary company which will offer mainly equity finance to small businesses.

Full details would be announced next month.

It was intended that the new company would be able to offer a readily identifiable package of investments in a fairly standardised form together with a simplified procedure for application and assessment.

Labour MPs were unimpressed, and subjected the minister to a persistent barrage of protests for failing to announce immediate measures to counter the steep rise in unemployment which had taken place since the Government took office three years ago.

Mr Alec Jones, Labour's chief spokesman on Welsh affairs, blamed Government policies for the reversal of the falling trend in unemployment, which had marked the final period of office of the last Labour government, and stressed that one in six of the working population of Wales was now on the dole.

Mr Edwards pointed to the growth in private investment as one of the most encouraging *features.*

He accused Labour MPs of ignoring "good news" and claimed that the increase in private investment which had taken place between 1979 and 1981 had been stimulated by the oportunities seen in the new technologies and by the very sharp increase in company profits.

He also took comfort from the fact that, despite the substantial restructuring which had taken place in basic industries previously of exceptional importance to Wales, the increase in unemployment since 1979 had still not been as great as in the country as a whole.

Mr Edwards also disclosed that Wales is among the areas under examination by the Mercury consortium, the private enterprise organisation which is to compete with British Telecom in providing communications services for industry.

"I have recently met with senior management of Mercury, and we discussed the possibility of an early link-up of Welsh *industrial areas with their new system,"* he said.

Mr Edwards stressed that the importance of telecommunication links had been highlighted by the decision of the Chemical Bank to move its "European back-room" operations to Cardiff.

Mr Jones maintained that the rising unemployment in Wales had caused widespread feelings of hopelessness and fear.

There was fear among the diminishing band of those lucky enough to be still in employment, but their jobs would be the next to disappear, he said.

Edwards: major new projects

Jones: one in six on the dole

Next week in parliament

COMMONS

Monday: Northern Ireland Bill, Second Reading; Land Compensation (Northern Ireland) Order; Probation Board (Northern Ireland) Order.

Tuesday: Criminal Justice Bill, remaining stages; Town and Country Planning (Amendment) Regulations.

Wednesday: Criminal Justice Bill, remaining stages.

Thursday: Criminal Justice Bill, remaining stages, opposed private business.

Friday: Private Members' Bills.

LORDS

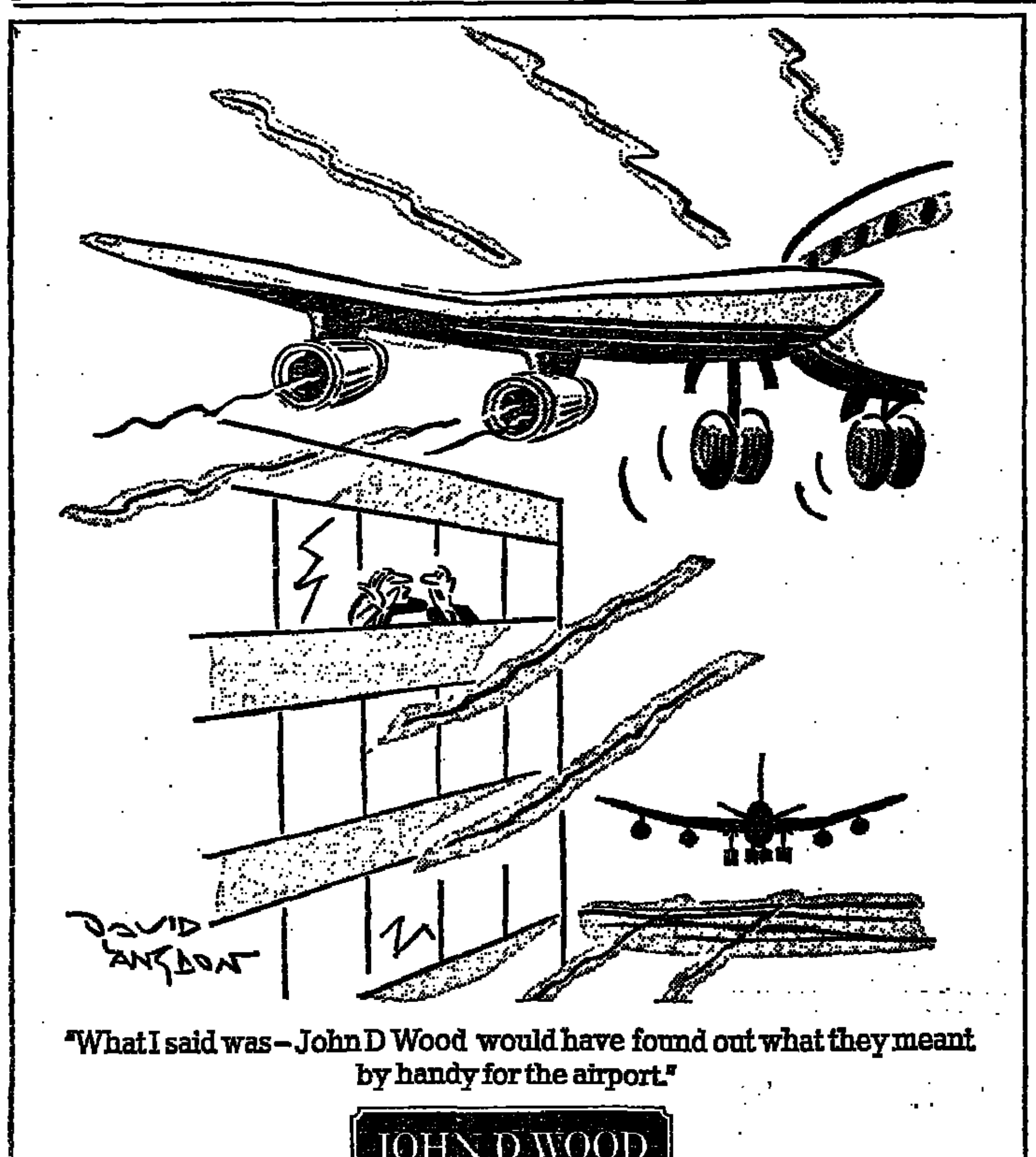
Monday: Local Government Finance Bill, Committee Stage; Social Security and Housing Benefits Bill, Committee Stage.

Tuesday: Oil and Gas Enterprise Bill, Committee *Stage*; Social Security and Housing Benefits Bill, Committee Stage.

Wednesday: debates on problems of world population and difficulties of bringing up children; Children's Homes Bill, Second Reading.

Thursday: Land Compensation (Northern Ireland) Order; Probation Order (NI) Order; Local Government Finance Bill, Committee Stage.

Friday: Fish Producers Organisations (Formation) Grants Scheme; Hovercraft (Application of Enactments) Amendment Order; Town and Country Planning Regulations; Food and Drugs (Amendment) Bill.



TECHNOLOGY

EDITED BY ALAN CANE

The man who makes better and better engines

DAVID FISHLOCK, in the first of six profiles of engineers whose decisions will help shape large tracts of British industry for the 1990s, talks to Alan Newton, Rolls-Royce's director of engineering.

"The best engineer in the company" is how Sir Stanley Hooker of Rolls-Royce, the genius behind the Pegasus jump-jet engine, regarded Alan Newton. Lord McFadzean, the chairman, acknowledged the wisdom of this observation by making Newton director responsible for engineering on the board of Rolls-Royce in 1980.

For one of Britain's top-rank engineers, Alan Newton maintains a remarkably low public profile. Unlike Hooker, his name is associated with no particular engine. Yet, except for brief excursions into cars and guns, his career since 1937 has been devoted to the entire spectrum of Rolls-Royce aero-engines, from the war-time Merlin to the RB 211 and RB 199 engines, which sell for £2.5m apiece.

Newton's reputation — like that of Rolls-Royce itself — is founded not on inventing new kinds of engine but on making engines better than anyone else. He graduated from Derby Technical College in 1943 with first-class honours in engineering.

Today, at 60, he manages an engineering function accounting for one-tenth of the corporate payroll; more than 5,000, including the greatest concentration of qualified staff in the company. "The company's technical expertise ultimately reports to me."

The operation costs about £300m a year to run. It reaches from research and development to the design and demonstration of every new engine. He spends more than £12m a year on new computers, yet sees no sign that they reduce the numbers he needs to create a new engine.

But not only for his technology is Newton a key figure in Rolls-Royce's future. Any new big-engine project is likely to cost £1bn or more to develop. The future lies in collaboration—joint ventures or some other kind of close association with an overseas engine maker. Aided by a dry wit that helps drive his points home, he forges the bonds at board level for such projects as the RJ 500 joint venture through Japanese Aero-Engines.

This venture is developing a new advanced-technology engine of 25,000 lb thrust for a 150-seat airliner, if and when a market should emerge. The goal is to reduce the fuel need by at least 25 per cent. "But you don't sell aero-engines with brochures," he observes drily. "So I get involved."

But brand-new civil engines are not Newton's top priority at present; not surprisingly, given the depressed state of the world's airlines. The urgent need is to squeeze still better performance from existing engines, especially the RB 211 family for which Rolls-Royce paid so dearly a decade ago.

As an engineering task, this has become dauntingly difficult. "When you get to the level of efficiency we're at today, each bit gets more difficult to improve."

One of the most difficult messages for engineers to get over to other people is that so much engineering depends crucially upon engineering judgments made before all the evidence is in.

"When you get good engineers together they will make different judgments," Newton says. "But the character of a good engineer is that he should be firm in his convictions."

Decisions about the performance a company can commit itself to achieve in an engine that will not enter service for several years—a decade in the case of a major new engine—are major feats of engineering judgment.

Newton took the crucial decision to stretch the performance of the RB 211-535 in response to the threat of a new engine from Pratt and Whitney. The new RB 211-535 E4 engine is scheduled to run for the first time this summer. The goal is 10 per cent less fuel required.

Disparate

For three years before Newton became board member for engineering he had been working on a scheme for a uniform corporate technology synthesised from the traditions of three proud but disparate (and once competing) parts—Rolls-Royce itself, Bristol Siddeley Engines and De Havilland.

"I think we've gone a long way down that road in the last three or four years." When he started, each part had its own engineering traditions, own protocols, own materials and methods of design and manufacture.

His goal is a company-wide engineering organisation that takes as many engineering decisions as possible at levels below him, so that only the most controversial or those that cross boundaries with other board members—for example, if an engineering judgment should upset the schedule of a project—reach his desk.

He has installed executives reporting directly to him, responsible company-wide for such activities as advanced technology, product design, and computing. He hopes to do this soon for two more tricky areas: the research laboratories; and fuel systems and their control, a big part of any engine.

About 80 per cent of the engineering budget is committed to the support of the engine projects — RB 211, RB 199, Pegasus, Adour, etc.—which report to Denis Head, as director of operations. The other 20 per cent is devoted to advanced engineering and research. Newton is quietly scornful of claims that his rivals monopolise advanced technology for aero-engines.

Where Pratt and Whitney has developed turbine blades that can run hotter, Rolls-Royce has found ingenious ways of getting the heat out so that they don't need to run so hot.

Other major innovations in aero-engines design pioneered by the company include vertical take-off, the high by-pass engine and the wide-chord fan blade. Advanced technology developed in the '70s for the RB-211 is now being picked up and adapted by its competitors, Newton claims.

One example, where he believes his technology is keeping well ahead is the big fan blade. Rolls-Royce once placed great faith in carbon fibre for this extremely demanding component.

At full speed, centrifugal forces are exerting about 70 tonnes to try to tear it out by its roots. The carbon fibre decision was taken in 1966 by Adrian Lombard, the company's last director of engineering until Newton's appointment in 1980.

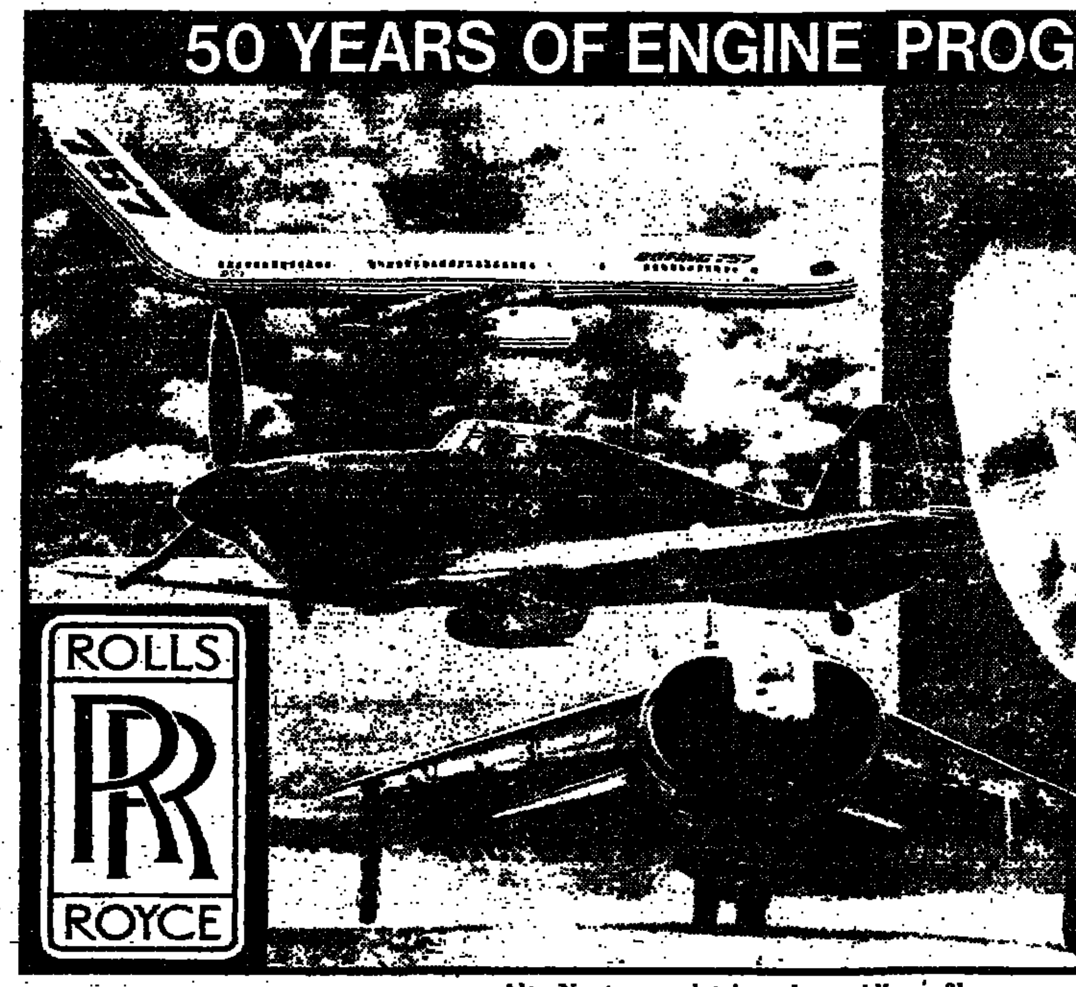
But Lombard died shortly after making his crucial engineering judgment. Newton, once his technical assistant, says: "I think in all honesty I would have come to the decision that it could not be done in the time."

Rolls-Royce abandoned the carbon-fibre fan blade and adopted the "back-up", a heavier forged titanium blade. But for the past seven or eight years it has worked unceasingly to develop a fan blade with the properties once sought from carbon fibre.

The hollow titanium fan blade—a honeycomb sandwich—was a vital element in Newton's decision to go for the "stretched" RB 211-535 15 months ago.

He is looking to this one component for up to a third of the 10 per cent improvement, for it is expected to save 168 lb in engine weight. Above all, it is a remarkably ingenious cocktail of advanced manufacturing technology.

"The easiest thing is to design an engine that works," Newton says. "But it would be too heavy. That's the difference from bridge-building." Proof of his confidence in the hollow fan blade will be in the running, later this summer.



Alan Newton—maintains a low public profile

Logica wins digital order

LOGICA, UK leading computer systems house, has won £0.75m order from the Austrian broadcasting service ORF for a digital picture library.

When installed, the equipment will provide ORF's graphics department with access to a library of digitised pictures held on multiple disk stores, located and selected with a few keyboard operations and can then, via a frame store, be displayed on a television monitor or inserted into a TV programme.

Fuel savings for turbofan air engines

THE TASK of developing fuel efficient aircraft engines is not easy in these days of energy consciousness. The Derby Engineering function of Rolls-Royce gained the Queen's Award because it was able to produce fuel savings of up to 7 per cent for its turbofan aircraft engines.

Since 1978 the company's RB211-524 series engines intended for the larger aircraft have achieved superior fuel consumption economys over competing engines.

The importance of fuel economy in the battles for engine sales cannot be under estimated. At a time when airlines' fuel costs account for about 30 per cent of total operating costs every 1 per cent trimmed off fuel consumption can add up to several million pounds over the year.

When it costs about £1bn to develop and launch a new high thrust jet engine on the market today and competition between the major engine builders is so fierce it is not possible to guarantee sales.

Rolls-Royce realises that it must press ahead with new development hence its joint venture with three Japanese companies to produce an engine which will be suitable for 150-seater aircraft. This is likely to be a major growth area for civil aircraft once the airlines recover from the effects of the recession.

The RJ500 is a 20,000 to 30,000 lb thrust turbofan engine and Rolls-Royce intends it to have fuel consumption something in the region of a third better than present day engines of a similar power.

ELAINE WILLIAMS

NEC offers six-colour word processor

SIX-COLOUR visual display besides the usual black and white and ease of operation are claimed for the Benchmark word-processing system introduced by NEC Telecommunications Europe.

The heart of the system is a word-processing software package which is supplied with its own audio/interactive training program and is designed to exploit the full range of facilities offered by the company's PC 8000 colour monitor.

The colour range available comprises green, blue, yellow, red, violet, and light blue. The user can select the colour display format he or she requires, whether a conventional black text on a white background or any colour combination. Editing, erasure, copying and cursor functions can each be assigned to a particular colour, offering a large number of options.

The system comprises a PC 8000 microcomputer with expansion unit, a colour monitor, a Spinwriter letter-quality printer and the Benchmark software.

The software consists of four modules: self-teaching package, text-editing software, mailing list manager and communications package. The first three items are available immediately, while the communications package will be announced later this year, says NEC.

The system can support one or two dual disc drives at one time and it is said to be possible to use common data discs together with text-editing and mailing-list operations.

Advantages claimed for the system include horizontal and vertical scrolling, an automatic page-print facility enabling the user to print a page proof of text in background mode immediately after input.

Commands

The user can choose between page or continuous mode and the system will tell him or her to put paper in the printer if page mode is in operation. Multiple copies of documents can be programmed with one command.

A "help" facility enables an inexperienced user to enter a "help" menu at any stage during document creation or editing. This shows a list of available commands, and on re-entering the job the cursor will reappear in precisely the same place as before.

The Spinwriter print "thimble" (analogous to a typewriter "golf-ball") carries a character set of 128 instead of the usual 92 characters provided by the daisy wheel design.

It can print up to 35 characters a second. In most instances, says NEC, the design offers the possibility of using Italic and Roman type (upper or lower-case) on the same job without changing thimbles. More on 01-388 6100.

GRAEME ALLAN

Infrared instrument

PERKIN-ELMER the analytical instrument company, has launched the Model 983 infrared spectrophotometer. The company claims this is the first in Europe to incorporate an integral visual display unit and a digital plotter to annotate the spectra as they are produced.

It allows data storage and retrieval and can subtract one spectrum from another. It scans the entire wavelength range from 5,000 cm −1 to 180 cm −1 and can deal with all kinds of samples from high resolution gas through to almost totally absorbing materials, the company says. More information on 0734 861485.

Conveyor

JOSHUA BIGWOOD of Wednesfield, Wolverhampton, has developed a new conveying system to transport small coal from bunkers to boiler hopper. The company says that its Bigwood SCOVOB system with a pneumatic blowing system has been designed for "singles" and should overcome the problem of small particles blocking the conveyor system.

The development is part of a £60,000 research and development programme by Bigwood to try and perfect a fully-automated coal-fired boiler house. Details on 021-236 7532.

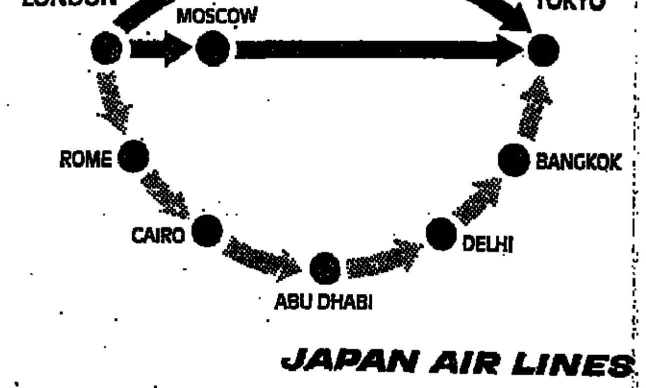
Illumination for LCD displays

ONE OF the disadvantages of the liquid crystal display (LCD) —the fact that it cannot be seen in the dark without the use of power consuming filament lighting—has been overcome by NEC, which is now offering electroluminescent panels for LCD backlighting.

Any shape of design can be specified by OEMs between the present minimum and maximum dimensions of 10 x 10 and 200 x 300 mm. Thickness is 0.6 to 1.0 mm.

In Japan, the units are being rapidly applied to consumer products such as alarm clocks but further applications are expected to include car dashboards, office copiers, and aerospace systems.

The displays are available in blue, orange, yellow, white red and green. Using applied voltages of 100V, 60Hz at 20 degrees C and 70 per cent relative humidity, the life is said to be about 10,000 hours. More on 0698 732221.



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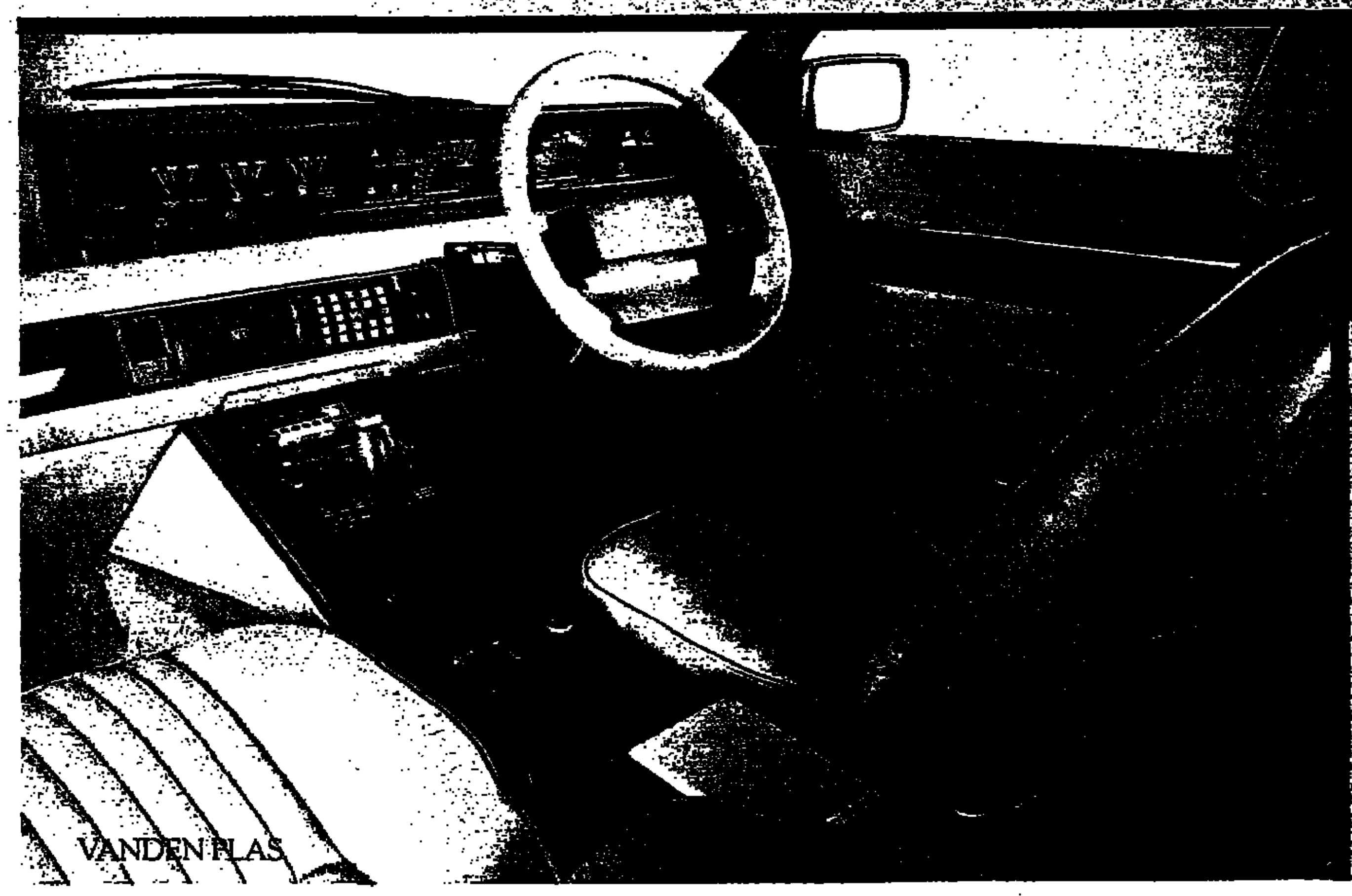

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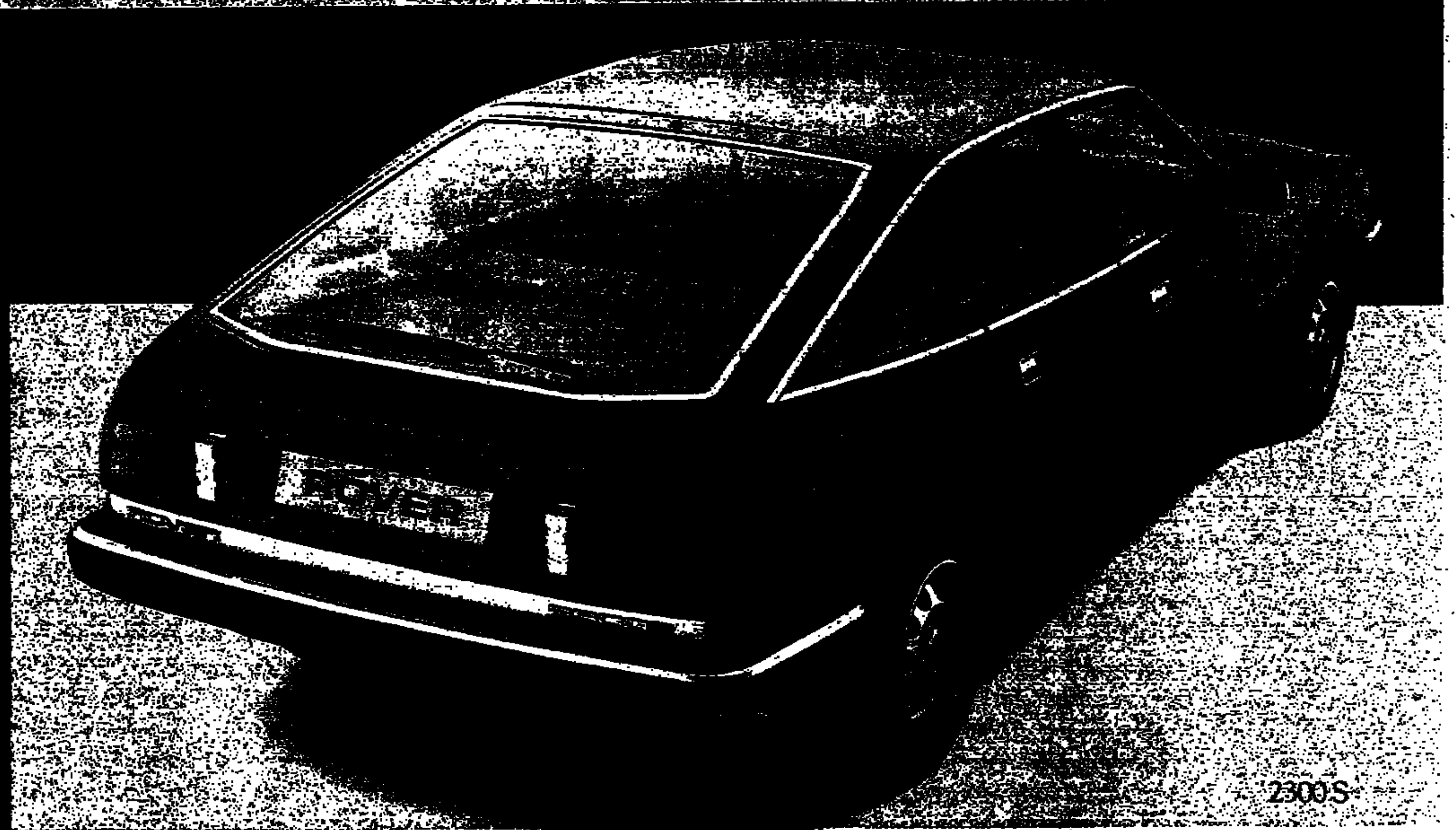

2300 S

The Rover name stands for innovative design, performance, prestige, technological development and achievement. Qualities that have long made Rover a very special driving experience.

Never more so than now.

The new Rovers come to you with advances in styling, in handling, in economy, in comfort and in finish. All Rovers are now painted by the world's most advanced and proven paint technology.

The sleek aerodynamics of the Rover body have been further advanced with flush-fitting restyled headlights, a new grille, wrap-round bumpers and a handsome front spoiler† for improved road-holding at high speeds.

At the rear of the car we've deepened the tail-gate window for improved visibility, guaranteed even in poor weather by a new, programmed rear wash-wipe system. The re-designed Rover interior provides a totally new driving environment.

The re-styled low-profile instruments binnacle and centre console combine to give you fingertip controls and quick-to-read instrumentation.

And, as you sit back in supreme comfort, you'll appreciate that a traditional Rover luxury – walnut panelling – has made a welcome return.*

You'll also welcome the fact that we've revised the rear self-levelling suspension* and upgraded the braking system to bring you a more positive and responsive driving experience.

Apart from the legendary performance of the Rover's light alloy 3528cc, V8 155 b.h.p. engine its renowned qualities of smoothness and refinement have reached new peaks.

We've also extended service intervals to 12,000 miles or 12 months.

We've not only developed the cars, we've added to the range with a 104 m.p.h. twin carburettor five speed 2000 model.

Six new Rovers. From the ultimate luxury of Vanden Plas to the sprightly economy of two litres.

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SCOTTISH PROPERTY FINANCIAL TIMES REPORT

Apart from Aberdeen, still a boom city for office property, the market generally is awaiting an upturn. Mark Meredith and William Cochrane report.

Confidence slow to return

"IN MANY sectors it may be some little while before a return to normal market conditions can be expected. There are of course exceptions and they can be found in the aspects of the market where they would be least expected."

Scotland has seen a bitter winter since Mr Ian Marshall, a partner in Bernard Thorpe, wrote the above from his Edinburgh office for the firm's September 1981 quarterly review. However, the basics remain the same: Scotland is in recession but it does not pay to generalise too broadly about its property markets.

Traditionally, Scotland's economy performs below that of the UK average and recovery may also lag somewhat behind. Where this applies at present, Scotland has been running below some discouraging UK economic prognoses.

Last January, Edinburgh-based chartered surveyors Kenneth Ryden and Partners produced their ninth Scottish industrial and commercial property review prepared in collaboration with Professor Donald MacKay of Heriot Watt University and his independent team of economists.

Bottomed out

While the economists thought that events in 1981 confirmed their earlier view that the economy had bottomed out in mid-year, they were not immediately confident about recovery prospects.

"At the time of writing this review," they said, "we believe that the UK Government's own policy stance is opposed to its declared objective to engineer an investment/export led recovery. Without a change in this policy stance economic growth will remain very low through 1982 into 1983. Given a change, we believe that a substantial sustained recovery could still be evident by late 1982."

In the meantime, the most severe UK recession since 1929-1931 is showing through most obviously in the industrial property market. In Glasgow and the west of Scotland, Ryden calculated at the beginning of this year that supply of industrial/warehouse property was approximately 30 per cent up on the year before.

The industrial market in Strathclyde, said another survey, was in the doldrums with low demand, few new schemes in the offing and an increase in the number of properties coming on to the market as companies rationalised their property holdings.

The closure of the Talbot car factory at Linwood in Renfrewshire resulted in a further 3.2m sq ft of space coming on to the market. The 420-acre complex is the major industrial property being marketed in Scotland at present.

More lettings

In Edinburgh and the east of Scotland, Ryden said that there had been more lettings of new and modern industrial and warehouse accommodation in the second half of 1981 than in the January to July period—but this at a price.

Considerable concessions had to be given to tenants by either reducing rental or by offering a rent free period for up to 12 months. Many developers, said Ryden, will now also provide heating and lighting within the standard rental, and additional works like offices and showrooms were often rented on concessionary terms.

Away from the traditional Lowlands industrial belt, progress in Aberdeen, with the infusion of North Sea oil money into the local economy, has been a welcome relief. Michael Corr of Drivers Jonas in Aberdeen is convinced that the oil money has a multiplier effect on local industry with lettings to a wide range of users including chemical analysts, electrical engineers and printers.

Aberdeen is certainly the hot spot for office property. Major oil companies alone account for about 890,000 sq ft of the city's existing office space of around 3.75m sq ft. They are currently building about 750,000 sq ft more, and another 250,000 sq ft is known to be in the planning stages.

Further south, property professionals have to be more cautious about prospects for the office lettings market. Only a year ago, Jones Lang Wootton in Glasgow and local rivals Lambert Smith were highlighting a shortage of new office space which made it seem likely that there would be a critical gap in the supply/demand equation at least until the end of this year.

Now, Peter Patterson of Jones Lang confesses to being slightly uneasy about the way the general state of the economy has created uncertainty. However, given that present plans for new space add up to 390,000 sq ft against an annual take-up of about 200,000 to 300,000 sq ft and that rents are still marginally increasing, there seems no reason for panic in the short term.

Edinburgh, meanwhile, has suffered a couple of major embarrassments in recent years. The first was when developers took a losing bet on devolution and the army of bureaucrats which might have accompanied it. This created a major oversupply of offices outside the centre of the city.

The other is Princes Street, Scotland's premier shopping location which, said the Edinburgh Evening News in a recent series of articles, "has never had it so bad." "Architecturally shabby, drained of many of its quality shops, cluttered with thoughtless street furniture, a down-at heel shadow of its former self," said the paper.

Rent increases

In 1981 alone, according to Kenneth Ryden, at least 20 standard units in Princes Street—approximately 30 per cent of the total number—were placed on the market. The reason for the poor market in the centre of Edinburgh, and also Glasgow, is not hard to find.

In an analysis backed up by other property market professionals Ryden noted that rental increases far exceeded the rate of inflation in the late 1970s, and that following a period of already steady growth. Consequently rent levels were set which could only be sustained in a period of high consumer spending. This was followed by a period of unprecedented increases in rates, a period in which the tourist trade also suffered.

However, the retail property news is not all bad. Prime rents may have slipped in Glasgow and Edinburgh but they have held up well in regional centres. The healthiest market seems to be in well located secondary units, particularly in Edinburgh where demand is firm and good rental growth is still being experienced.

Sharp division

In Scotland's major shopping pitches, in fact, there seems to be a sharp division between the short term problems of some tenants and the long term confidence of developers and the investing institutions.

According to Ryden the prospect for the retail market in Scotland seems good. That is a point which has not escaped the notice of investors whose interest in acquiring prime retail properties continues unabated. A period of consolidation at the top end of the market is inevitable but unsatisfied demand by retailers should secure future rental growth.

On the development front, two major schemes incorporating major retailing components have recently gone before the planners in Glasgow—a £40m redevelopment project incorporating a shopping, commercial and leisure centre for the St Enoch area of the city and a 300,000 sq ft plan for a three-acre site on the corner of Buchanan Street and Sauchiehall Street.

These apart, Ryden list 20 retail developments planned or in the course of construction in Scotland. If there is evidence of decay in some areas of the market—a process which UK high streets—there is evidence of growth elsewhere.

Edinburgh's famous Princes Street is losing its appeal as a prime shopping site. High rents and rates are deterring tenants. Between 12 and 20 shop units are now on the market

Regional shopping centres are doing better than sites in Princes Street

Hard times at the top shops

SHOP PROPERTY in Scotland has some of the depth and spread of that in England and perhaps that is just as well. Agents Kenneth Ryden and Partners say they can detect "important variations between a sluggish market for prime shops in major cities and the vigorous one prevailing in regional towns and shopping centres."

The bigger they are, goes the old saying, the harder they fall. Edinburgh's Princes Street, acclaimed by retailers and property men as the prime shopping location in the country, is facing local criticism. There are between half a dozen and 20 retail units in Princess Street on the market, and this seems to be triggering off the view that the street is going downhill.

Ian Marshall of Bernard Thorpe in Edinburgh says "Princes Street is not suffering because there is anything basically wrong with it. It is a victim of its own success."

The reasons for the apparently plentiful supply, says Mr Marshall, are not always as clear as they seem. "The incidence of massive rate increases, and the lack of substantial growth in consumer spending have, of course, had their effect, but the principal reason for the current availability of many of these shops is the intense competition which retailers faced three or four years ago when the units were originally let."

For a long time Princes Street rents were forced up by its own limitations—a length of one mile and shopping on only one side of the street, with Princes Street Gardens on the other. Rents ranged as high as £125 per sq ft. Rents became too high for trade to pay.

"The other major problem is the massive rate liability," says Mr Marshall, who estimates that Oxford Street rates in London's West End are only between a half and a third of the levels being paid in Princes Street. Nevertheless, he reckons, shops are continuing to be let at what, with hindsight, might now be regarded as more sensible rental levels, some 25 per cent lower than earlier figures.

Prime retailing rents have slipped in Glasgow as well, and for much the same reasons, according to Kenneth Ryden and Partners. But there, it is new development which is in the front of property men's minds.

Within the past month or so, two major schemes have gone before the planners. The Scottish Development Agency is co-ordinating a shopping, commercial and leisure centre for the St Enoch area of the city. The £40m redevelopment project — designed to rejuvenate Glasgow city centre and to provide 2,500 jobs — will be funded entirely from private capital and should be completed by 1985.

The SDA has lodged a detailed planning application with Glasgow district council for the first and larger western section of the development, scheduled to include major department stores, commercial offices and an international ice rink. The second phase of the development, costing about £20m, will provide an international hotel and a block of luxury privately-owned town houses.

Meanwhile, on March 31, a consortium of developers including the Société de Centres Commerciaux, Standard Life Assurance and the City of London and European Property Company, announced its intention to submit a planning application for a three-acre site on the corner of Buchanan Street and Sauchiehall Street.

The French company is said to have an enviable reputation

CONTINUED ON NEXT PAGE

SCOTTISH PROPERTY FINANCIAL TIMES REPORT

Offices: a three-sided story

CURRENT economic trends are being reflected in the property market, say agents Kenneth Ryden and Partners in their January 1982 review of Scottish industrial and commercial property. But they add "more funds than before are looking to invest in prime commercial property in Scotland."

This certainly seems to apply to office property in the three *main centres* — Glasgow, Edinburgh and Aberdeen — but there is more to a property market than the funds, their cash flows and their long-term considerations. Short and medium term, Scotland's three main centres are more notable for their differences than their similarities.

Aberdeen is the place to go if you want to hear the optimistic view. Michael Corr of Drivers Jonas, based in the city, is concerned to demonstrate that there is more than North Sea oil behind the city's attractions.

"We are not a one-industry town," says Mr Corr. Only 15 per cent of the city's employment he reckons, is directly oil-related. However, oil has a multiplier effect on the local authority and, he maintains, it is an effect that will last.

The oil majors, Shell and BP, have apparently said that they will want a strong presence in the city for at least 40 years — this based on present estimated reserves and present technology, *at a time when more than 50 per cent* of the North Sea remains to be explored and when technology is expected to continue to improve.

"In London nobody has any concept of the level of economic growth here," says Mr Corr. If the multiplier effect of the oil companies is accepted, and extrapolated, the growth prospects for offices looks very good indeed.

The oil majors in Aberdeen tend to build for their own accommodation on major industrial estates — or other peripheral, but extensive locations such as the Hill of Rubislaw. On these sites they can get plenty of space, and can sit on land for further expansion.

Drivers Jonas calculate that Aberdeen's office *stock* is currently just over 3.75m sq ft. Of that the oil majors have built about 890,000 sq ft for major headquarters in the city. In addition they have another 750,000 sq ft under construction, with Shell, BP and BNOC to the fore, and another 250,000 sq ft known to be in the planning stages.

Oil majors apart, demand in the Aberdeen market tends to average about 180,000 sq ft a year. At the moment there is about 350,000 sq ft of supply on the market, but a lot of this is *secondary*, and *Michael Corr* sees a gap in the market for well-designed new space. Rents of £7 or above have been achieved by refurbishments in Aberdeen's West End, the *professional office centre*.

In Glasgow, Scotland's biggest city and the largest supplier of office stock with some 13.5m sq ft in total, last year's themes —shortage of prime stock, and the developers' reaction to this situation—are being qualified to a degree by the impact of recession.

The shortage persists. Glasgow agents Lambert Smith say that only 215,363 sq ft—1.61 per cent of total stock in 15 units—of new or refurbished space is available for first letting.

Development is still increasing. Peter Paterson of Jones Lang Wootton, which in mid-1981 expected six new schemes to produce 340,000 sq ft of extra space by 1985, excluding a 500,000 sq ft BNOC headquarters, now estimates that some 390,000 sq ft is on the stocks.

However, Mr Paterson is *slightly concerned about recent* demand. "In recent months the market has been more lifeless than usual, with more property coming on to the market than has been going off," he says. *The general state of* the economy has created uncertainty with some companies disappearing altogether and others shrinking. In addition, *potential government and local authority tenants now seem to* be fully supplied.

Against that, rent levels are marginally increasing for new, good quality buildings. More than £5 per sq ft is the rule, £6 is a possibility, and £6.25 a sq ft has just been negotiated in one case. All in all, Mr Paterson is anticipating that the supply/demand equation will move marginally in favour of demand towards the end of this year.

After the growth in Aberdeen, and under-supply with *reservations in Glasgow*, Edinburgh provides a neat paradox. Where there is demand—in the city centre — there is neither the space nor the prospect of it; where there is space, on the outskirts, there is over-supply, which seems to have little prospect of being soaked up in the short to medium term.

"There is no doubt that the *Edinburgh office market has* been in the doldrums for quite a long time," says Ian Marshall of Bernard Thorpe. "At the moment there is an inheritance of something like 700,000 sq ft *of empty offices in the city.*"

This was left from the days when devolution was a possibility and the prospect of an army of bureaucrats requiring offices in Edinburgh, to serve a Scottish Assembly, encouraged extensive speculative office development.

The developers, lost their political bet, and the effect is showing on rents. Bernard Thorpe says that rent levels have remained in the range of around £3.50 per sq ft for average offices to more than £5.50 sq ft for the best central locations.

In the city centre, where demand does exist, the local authority's planning policy does not allow new office use and refurbishment is the rule. Ian Marshall estimates that only about 60,000 sq ft of good, *open plan modern office space* is available.

Mr Marshall feels that the built-in supply limitation in central Edinburgh will put a premium on existing stock—if it has *car* parking space, so much the better.

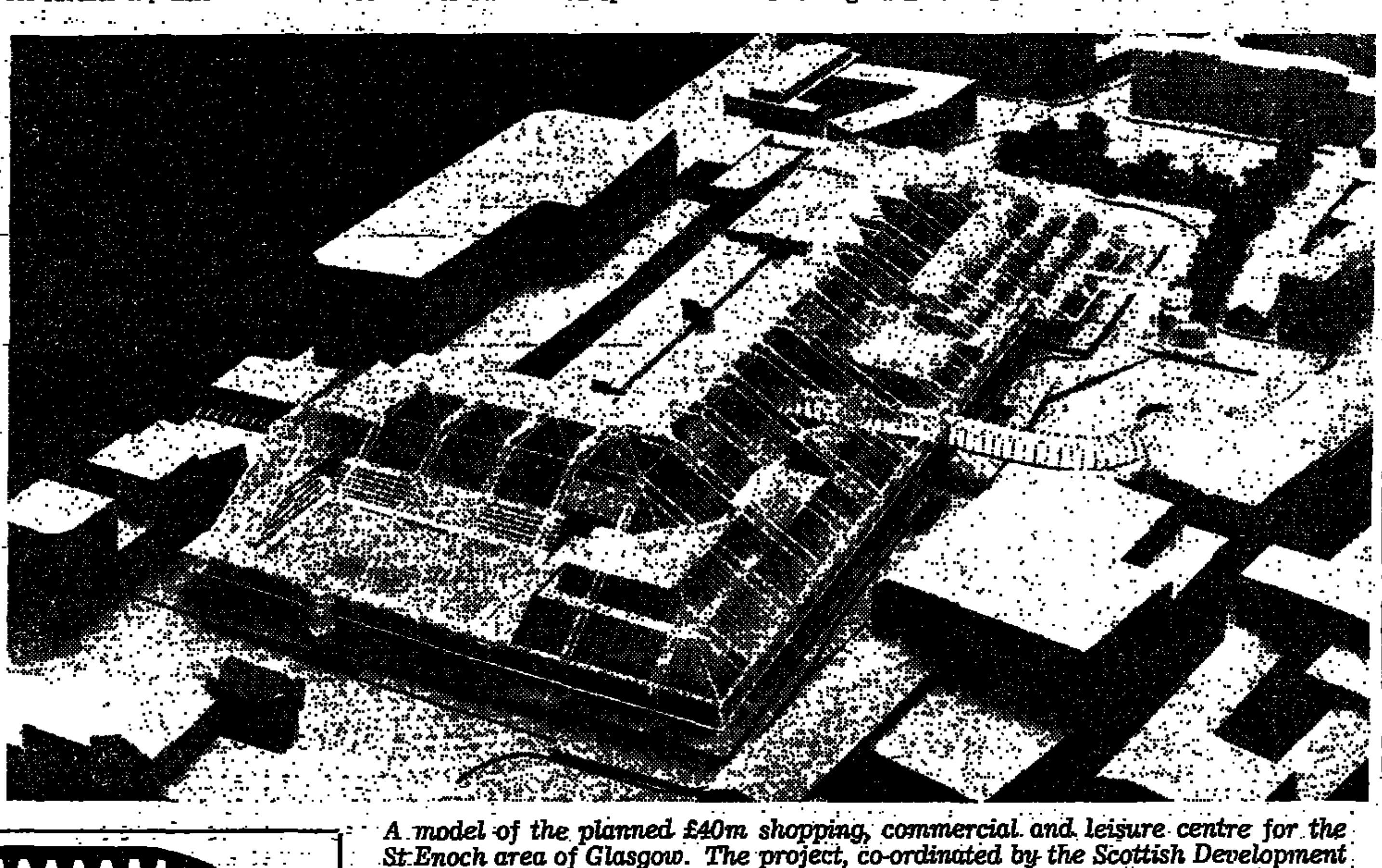
"The importance of car parking facilities is becoming increasingly important to occupiers, and the most active area of the office market is in the letting of suites from 1,500 to 3,000 sq ft with car parking. This is not necessarily directly within the central areas, but perhaps towards the west side with good accessibility to the central belt, Fife and beyond."

William Cochrane

MAJOR OIL COMPANIES' OFFICE SPACE
IN ABERDEEN
(Sq m)

Company	Built	Under construction	Known to be planned	Total
Shell	17,426	17,260	15,000	49,686
Total	6,570	—	—	6,570
Occidental	13,600	—	—	13,600
BP	11,170	18,070	—	29,240
BNOC	15,050	25,000	—	40,050
Marathon	—	9,200	5,300	14,500
Amoco	3,810	—	—	3,810
Texaco	2,660	—	—	2,660
Conoco	6,863	—	2,795	9,658
Chevron	5,452	—	—	5,452
	82,601	69,530	23,095	175,226

Source: Drivers Jonas, Aberdeen.



A model of the planned £40m shopping, commercial and leisure centre for the St Enoch area of Glasgow. The project, co-ordinated by the Scottish Development Agency, is designed to rejuvenate the city centre and provide 2,500 jobs

Hard times at the top

CONTINUED FROM PREVIOUS PAGE

for the quality of its commercial developments, having been responsible for big shopping developments in Paris, Brussels and Marseilles.

For the Buchanan Street/Sauchiehall Street site, the consortium's proposal is for 300,000 sq ft of development, a principal feature being a large covered shopping mall. The shopping development would include at least one department store and both Debenhams and John Lewis — neither of which are in Glasgow at the moment—have been mentioned in this connection.

The Glasgow Herald commented on the day of the announcement that Glasgow district council's task now would be to convince Strathclyde regional council that the proposed development would not affect existing shopping or prejudice other proposed developments — such as the SDA's plans for the St Enoch site.

Peter Paterson, of Jones Lang Wootton in Glasgow, is not convinced that the task will be an easy one. He sees inevitable conflict at the planning stages between the St Enoch and the Buchanan Street schemes, both of which are offering planning gains to the local authority. Buchanan Street's plans include a conference hall and hotel complex.

Inevitably, there is a feeling around the city that both may not be allowed to go ahead in similar form, or at the same time.

Aberdeen, says Michael Corr of Drivers Jonas, has the fastest growing disposable income per head in Scotland, and this is reflected in the level of demand for prime shopping space in the city. There has been a long-term background of constraint on shopping space.

Now, says Mr Corr, three developments are likely to come. At the end of March, Norwich Union Insurance said that it was to develop a £20m shopping centre in Union Street, Aberdeen's principal shopping area, having taken over Atholl Investments' interest in the development.

The scheme "really can't fail," says Mr Corr. Apart from incorporating a 100,000 sq ft Debenhams store, it will have the only substantial car park, 400 spaces, in the immediate area.

Following Norwich Union's involvement there, questions have been raised about the Dutch group Bredero's 340,000 sq ft scheme in St Nicholas Street at the east end of Union Street. The local view is that that the scheme is likely to go ahead eventually.

Meanwhile, Great Universal Stores has a more modest development in retail space terms at the corner of Union Street and St Nicholas Street, incorporating 50,000 sq ft on the ground floor and 15,000 sq ft on the first. "Very well located," is the view from Michael Corr. "The development will help to concentrate Aberdeen's main shopping area on the prime pitch."

W.C.

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SCOTTISH PROPERTY FINANCIAL TIMES REPORT

Scope for private sector

GLOOM hangs over the industrial property scene in Scotland, although there are some interesting bright spots to provide encouragement.

The gloom stems from the well-established problem of weak overall demand and over-capacity for industrial space in most areas. The bright spots include a growth in activity by the private sector in creating advance and design-built factories.

Traditionally, government has made the running in this field, using industrial space as a large carrot to tempt in new industries to replace Scotland's vanishing older heavy industries. The Scottish Development Agency, Scottish new towns, the Regions and district councils have for years taken on the bulk of industrial property preparation.

However, with isolated cases of demand growth and an actively pursued central government policy to involve the private sector in official building programmes, the scope for activity by the private developer has increased.

Private developers will also find themselves having to take up more of the opportunities for building that arise as a result of spending cuts by local government. Some councils and new towns have pared their programmes for new industrial space down to almost nothing.

Another factor will be the Government's announced reduction in assistance for small factory units in the coming year. Although private developers have not been very active in building small advanced factory units, the remaining area for government asssistance, for units under 1,250 square feet, may spur them into action.

Promotion

Using industrial space as part of industrial promotion in the past has meant that government bodies, both national and local, have been able to absorb much lower yields—about 4 or 5 per cent—than the private sector, which aims for about a 20 per cent return on its capital.

The Scottish Development Agency, the main government industrial promotion body in Scotland, remains the region's largest landlord administering 25m sq ft of rented accommodation. *But increasingly now with* its large projects, the agency is trying to involve private developers.

Movement in the industrial property sector remains most active in the Aberdeen area. Property for the offshore oil industry continues to be in demand. The city has 11 industrial estates on its outskirts, four of them around Dyce Airport. The estates cover more than 1,100 acres and are run by Grampian Region and Aberdeen district council, as well as private developers such as George Wimpey, St Machar Development Company, and Wiggins Teape.

Only one acre of council property remains unsold or unleased, although generally the city has about 750,000 square feet available, equal to about one year's uptake of space. This represents a slight decline in the past year, when about 900,000 square feet was on offer, according to Drivers Jonas Chartered Surveyors. About 300,000 square feet of space on offer is new accommodation, says the SDA.

In its March survey of Aberdeen commercial and industrial property, Drivers Jonas noted: "Rather than stemming solely from the direct requirements of the oil industry, there is clear evidence of a multiplier effect and lettings are taking place to a very wide range of companies, including chemical analysts, electrical engineers and printers."

Rental space, according to the SDA, could be found for £2 per sq ft, but rents of £2.40 per sq ft were normal for new 5,000 sq ft units. Grampian Regional Council meanwhile reported rent for prime locations of £3 per sq ft.

In Edinburgh District and Lothian Region, developers reported having to lure tenants by providing heating and lighting in with the rent. Some have even offered six months rent free accommodation.

Under 700,000 sq ft of industrial space is currently available in Lothian, compared with nearly 726,000 sq ft in June last year. One of the interesting features of Edinburgh has been the success of the Industrial Redevelopment Programme run by the SDA in the old harbour district of Leith.


The Clydebank Enterprise Zone is attracting new industry to this dockland area of Glasgow (left). The offer of rate-free tenancies for industrial property has led to a strong demand for space. In Edinburgh, the SDA's redevelopment programme for the harbour district of Leith (right) has encouraged a private contractor to build small factories in the area as well

The agency built 19 small industrial units which were taken up quickly. This encouraged the private contractor J. Smart to plan a £600,000 programme for 18 further small factories. The programme fits into the agency's £7m business development for Leith.

Across the Forth in Fife, developers expect considerable industrial building to accompany the development of the Mossmorran Gas Separation Plant.

In Glasgow the Clydebank Enterprise Zone dominates the industrial property market. The effect of rate-free tenancy until 1991 has been strong demand for space.

Agents Conrad Ritblat reported that a considerable amount of space was available for first letting in Glasgow and surrounding area, with poorly located space renting out as low as £1.60 per sq ft, although £2 was more usual.

About three quarters of the uptake in industrial space in the Glasgow area was for units below 5,000 sq ft, with enquiries coming from local companies, according to Kenneth Ryden Partners.

Mark Meredith

Quality farms attract the big investors

ABOUT 80 per cent of Scotland is agricultural land of some sort. It includes spartan hillside grazing, prime arable land and vast farming and gaming estates.

The market for agricultural property is currently characterised by a strong demand for top class arable land and estates, but weakness in prices for stock and grazing land.

Good agricultural land in Scotland has traditionally been an investment hedge against inflation. According to a survey of agricultural land in England and Wales by Lloyds Bank, land prices showed a real capital appreciation of 8.3 per cent in the eight years to 1979. This general trend was reflected in Scotland as well.

From prices of £35.50 an acre in 1944 the value of land spiralled to £1,280 an acre in 1979. Then came the crunch which hit all Britain's farmland at the start of 1980.

The recession saw values drop by 15 to 25 per cent in Scotland. Only prime arable land has shown an ability to show steady demand and price. Hill farming units have been hit hardest of all.

According to Roy Miller, of Bell Ingram Chartered Surveyors, the size of farms also played a part with properties worth £100,000 to £200,000 moving on the market, while much larger units of £500,000 to £1m found trouble finding a buyer.

"The generally contracting economy, together with extremely high interest rates have inevitably had their effect upon the performance of the country property market," Bell Ingram said in their latest review of the property market.

The number of sales of agricultural land dropped dramatically from *696 in 1978 and 607* in 1979 to 271 in 1980 according to the Department of Agriculture. Hill and upland farms at the bottom of the market dropped from 40 and 47 transactions in 1978 and 1979, respectively, to seven recorded in 1980. The prices for equipped farms dropped from an average of £1,644 per hectare to £1,546.

Prime arable land such as that in Perthshire, Angus and the Borders has become a major area of interest for large investment institutions, and it is their *continued activity* which has maintained a buoyancy in this sector.

The institutions, according to Bell Ingram, have kept up a firm base on farm land, although the resulting rise in sale and leaseback arrangements has come under criticism. Under sale and leaseback a farmer sells his land to a financial institution and leases it back to raise capital. This activity has led to some criticism of the big city institutions moving in on the farmer.

Mr Miller reflects this view, pointing out that the activity of the institutions is confined to the prime arable land and not the marginal areas. However, it is the farmers who usually approach the institutions seeking this form of fund raising.

Farmers will use sale and leaseback to raise money to buy additional land. It also has appealed to farmers with a problem of succession where more than one of the family want to farm or where a son or daughter want a share of the family's business capital for non-farming pursuits.

Mr Colin Campbell, of Strutt and Parker, quoted in the Scottish farming press, said that farmers saw the sale and leaseback as a preferable alternative to remaining locked into the inflexibilities of property ownership.

If farmers were forced to sell, he told the Scottish Farmer, "perhaps it is as well that the institutions are there as buyers."

Scotland's legacy of elegant country houses on vast wooded gaming estates continues to attract demand from the very wealthy of the world. Bell Ingram feel it important to tell their prospective clients, however, that a larger proportion of the inquiries come from British subjects.

Frank Knight and Rutley reported continued strong demand for estates with good gaming opportunities, such as pheasant shoots. The agency has on offer at present an entire peninsula on the east of Scotland, with 80 square miles of land, 30 miles of coastline, over 30 houses, with deer, salmon, forest and farming. The price for Knowdart, which will be one of Scotland's seven or eight very big sales this year, could be £2.5m.

Mark Meredith

SCOTTISH FARMLAND PRICES 1981-1982

(per acre)

Arable	£1,000-£2,300
Arable/stock	£600-£1,100
Stock/rearing	£400- £800
Dairy	£600-£1,200
Hill	£70- £130 (£150- £210 per ewe)

Source: Bell Ingram.

SCOTTISH ESTATE PRICES 1981-1982

Planting land	£80-£250 per acre
Let land	£300-£1,200 per acre
Vacant possession land	Up to £2,300 per acre
Grouse	£400-£650 per brace
Pheasants	£100-£160 (wild) per bird
Salmon	£800-£2,000
Stags	£7,000-£10,000 per stag
Sea trout	*£150-£250* per fish

Source: Bell Ingram.

THE PROPERTY MARKET BY MICHAEL CASSELL

Gallagher collapse shock waves

THE COLLAPSE of Gallagher Group, the Republic of Ireland's biggest property developer, has thrown a large rock into troubled waters. The shock waves may not engulf the main Dublin office market but property values are certain to come under renewed pressure.

The extent to which Gallagher's failure will affect the Dublin property market will at least partially depend upon the approach taken by the Receiver, Mr Laurence Crowley, towards the group's land and property holdings.

Gallagher holds an extensive landbank, including two major office sites in the centre of Dublin. A widescale attempt to dispose of these assets would quickly hit land prices and could rebound on capital values of existing buildings.

However, quick disposal seems unlikely as there are significant planning problems associated with the two major Dublin office sites. Moreover, the Receiver has made it clear that he is aware of the damage that could be inflicted on the market by rushed sales. Disposals will, therefore, proceed in an "orderly fashion."

This approval will be good news for a Dublin property market that has been flagging. Prime office rents, at around I£9 a sq ft have risen sharply during the past few years. Recently, however, this rate of growth has slowed considerably as new buildings have approached completion. Uncertain tenant demand has added to the pressures.

The Irish Government was a major influence on the Dublin office market last year, taking around 350,000 sq ft for use by the Posts and Telegraph Department. The Government is, however, unlikely to be a major taker of office space in 1982.

Successful British developers in Dublin, like MEPC and London and Leeds (part of the Ladbroke Group) have become more cautious about short term growth prospects for the office sector. There is also concern about what appears to be an increasingly difficult planning climate. As a result, companies have been reluctant to commit themselves to new development projects.

By comparison, Gallagher Group, run by 30-year-old Mr Patrick Gallagher, has retained a high profile in the Dublin development market. The decision to buy, for around I£20m the two city centre sites—at St Stephen's Green and Earlsfort Terrace—appears to have played a major part in the company's downfall.

With interest rates in the Republic rising to more than 20 per cent, the cost of funding these deals has placed an increasing burden on the company's finances. Attempts by Gallagher to recover its position by selling-on the St Stephen's Green site appear to have been frustrated by problems over planning permissions and sitting tenants.

There also appears to be some concern that present planning approvals covering Earlsfort Terrace may inhibit successful commercial development. Disposal of either of the two sites may not be easy.

The debts of Gallagher have now been estimated at just over I£30m with around I£27m owed to the banks. Mr Gallagher, however, has claimed that the company's assets exceed its liabilities by at least I£15m and that the whole affair could be cleared up by four quick sales.

It appears, however, that the banks had become unhappy that the group was not making sufficient progress towards retrenchment while it was also worried about continuing levels of expenditure. Banking sources say there was particular concern at the level of spending on improvements to Phoenix race course, acquired jointly by Gallagher and two of Ireland's leading racing entrepreneurs Mr Robert Sangster and Mr Vincent O'Brien.

Patrick Gallagher has been a powerful force in the Dublin property market over the past few years and it is difficult to imagine the development scene without him. He says however that he is not giving up. Speaking about the future for himself and his brother Paul, he says: "We know how to dig trenches and build houses, so we can always do something."

Meanwhile the Dublin market will face a testing few months as it absorbs the impact of Gallagher's Group's failure.

BRENDAN KEENAN AND ANDREW TAYLOR

NatWest pays £16.2m

PENSMAN NOMINEES, otherwise the National Westminster Bank Pension Fund, has emerged as the purchaser of 80 Cannon Street, the Trafalgar House-owned office block which has been sold for £16.25m.

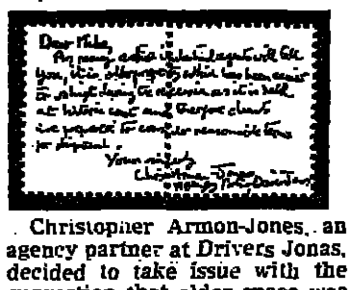
The 37,500 sq ft building, developed in 1976, represents a highly reversionary investment and commands current rents ranging from around £13.30 a sq ft to about £26 a sq ft. It is fully let and tenants include Astley and Pearce and several overseas banks.

● Canadian Dutch Properties, the CEMP-Wereldhave joint company, has revealed that it wants £12.50 a sq ft for Dorset House, the former IPC office building on the Thames' south bank, now being refurbished. Jones Lang Wootton are seeking a tenant for the 89,500 sq ft building where an asking rental nearer £14 was being assumed.

● Hewlett Packard has agreed to take all 23,412 sq ft of Haselemere Estates' Bridewell House development at Brideswell Place, London EC4. Rent is £14.95 a sq ft

Industrial stamp issue

LAST WEEK'S call for original ideas to help offload the present stockpile of older industrial space (together with the implication they could be easily accommodated on the back of a postage stamp) brought at least one spirited, microscopic response.



Christopher Armon-Jones, an agency partner at Drivers Jonas, decided to take issue with the suggestion that older space was necessarily languishing empty and unloved

His message, reproduced here, claimed that it is older property which has actually been easier to move during the recession as it is held at historic cost and therefore, enables clients to consider reasonable terms for disposal.

Given room to elaborate, he accepts that older property has to fulfill certain basic criteria—single storey, sound flooring, reasonably clear spaces, etc—but says that take-up of this type of acommodation is going well.

In times of economic growth, he adds, occupiers will opt for modern acommodation but those expanding at the moment will—rightly or wrongly—go for what is apparently the cheaper alternative.

"In terms of square footage, we have been letting or selling as much, if not more, older space than new accommodation. I am not talking about old mill buildings in Bolton but practical-sized units of reasonable quality."

Olympia starts in Manhattan

CONSTRUCTION work is just about to start on New York's $1bn World Financial Centre, the lower Manhattan office scheme which seems likely to transform the local property market.

The Olympia and York development represents the culmination of longstanding attempts to inject new life into the city's financial district, which has been declining in the wake of the drift towards the more congenial midtown district.

The prospect of another 8m sq ft of office space being added to the market, which had already been losing large tenants, gave rise to widespread scepticism about the likely succes of the scheme. An unprecedented building boom is also adding enormous amounts of space to the midtown area.

But the recent decision by American Express to commit itself to a $2bn leasing deal with Olympia and York has cleared away many doubt surrounding the project, located on a 92-acre landfill site.

American Express was enticed into taking the largest of four office towers by what appear to be specially attractive terms offered by Olympia and York. Apart from offering a fixed rent for 35 years, Olympia and York is buying American Express' existing headquarters the other side of Wall Street for $240m, over seven times what it paid for it only eight years ago. Amex also gets an option to buy half its new building when the lease expires.

The exact terms of the lease have not been disclosed, but Olympia and York have been touting space in the scheme formerly know as Battery Park City, for about $35-40 sq ft, well below midtown prime space rates of as much as $60 sq ft.

The American Express deal means that over half of the 6m sq ft project has already been leased. Amex is taking 2.3m sq ft while City Investing, a New York financial concern another 1.1m sq ft.

Battery Park City has a history that is as chequered as its scale is large. More than ten years ago, the city of New York decided to reclaim land off the southwestern tip of Manhattan next door to the congested financial district around Wall Street. The site juts out below the famous twin towers of the World Trade Centre

But a host of problems, including the usual uncertainties that beset large real estate projects, delayed progress until two years ago when more than a dozen companies were invited to bid for construction.

Olympia and York, which had only recently established itself in New York, won mainly because it promised to build quicker than its rivals, with a completion date of 1987 (which it now hopes to beat by as much as two years).

The deal was specially bold since the financial district's congested and ill-served neighbourhoods had already driven many large companies and banks into the mid-town district and construction of the world trade centre and major blocks like the new headquarters of Chase Manhattan and Merrill Lynch showed that some people, at least, intended to stay put, it was viewed as a district in decline rather than on the way up.

The city was anxious to arrest the drift from Wall Street and offered an attractive tax package. Last October it agreed to let Olympia off taxes for the first ten years and then to only seek repayment of part of what was due with interest calculated well below market rates. The deal, worth many millions of dollars was roundly criticised as being unduly generous to a wealthy real estate developer, though other companies had done better in the past.

The net effect, however, is that the combination of attractive land values and tax breaks will enable Olympia and York to budget lower development costs than might otherwise have been the case and to offer tenants attractive rates.

Mr Edward Minskoff, executive vice-president of Olympia would not be specific about costs. But he said in an interview that construction would amount to a minimum of $150 a square foot compared to $180 for most current projects.

With site clearance under way and construction due to begin in a matter of days Olympia and York hopes to have it finished by 1985. Mr Minskoff says he is confident that other tenants will be found within six months and construction on the two towers, which as yet have no occupiers lined up, is to go ahead.

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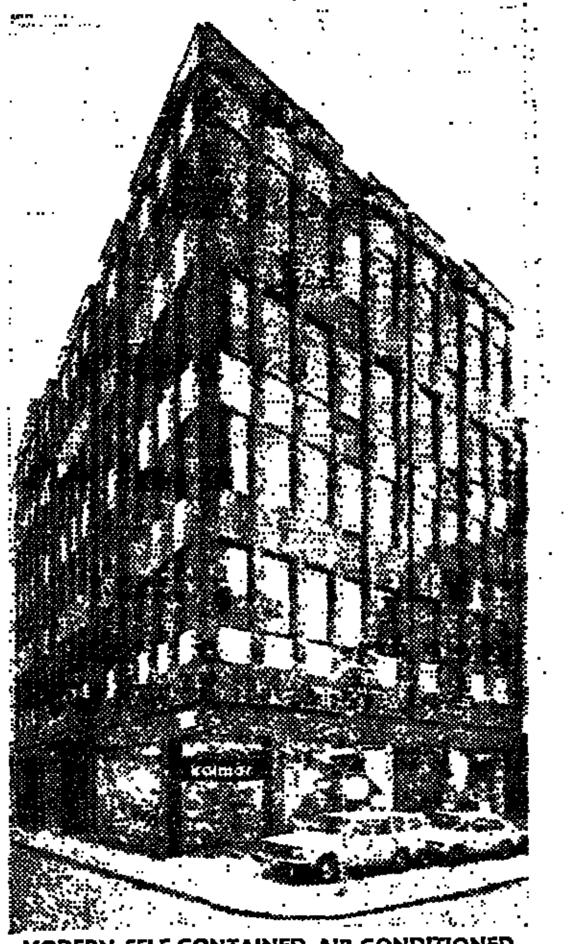

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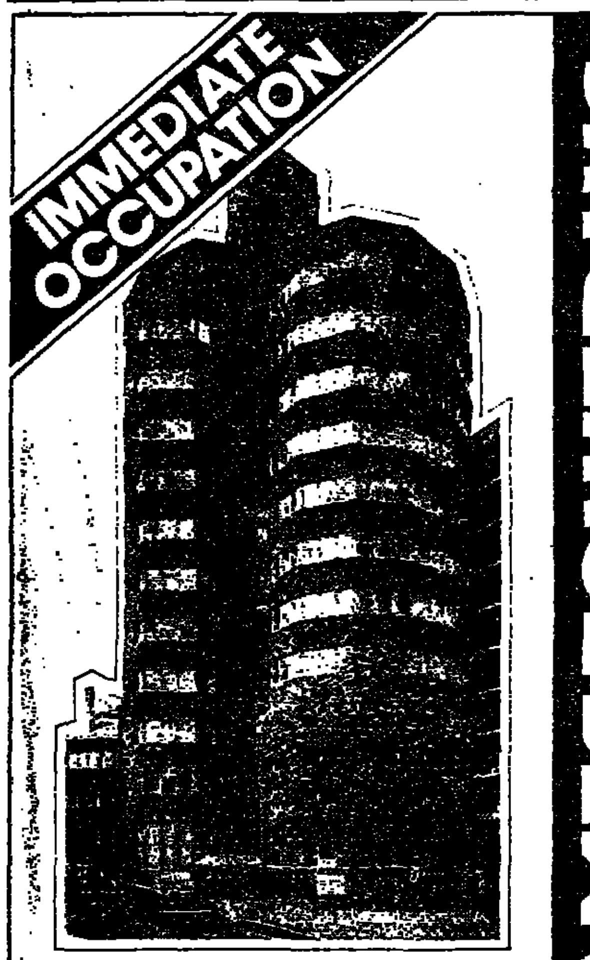

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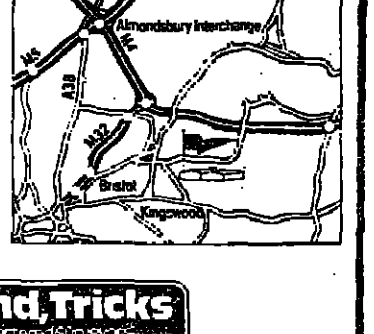

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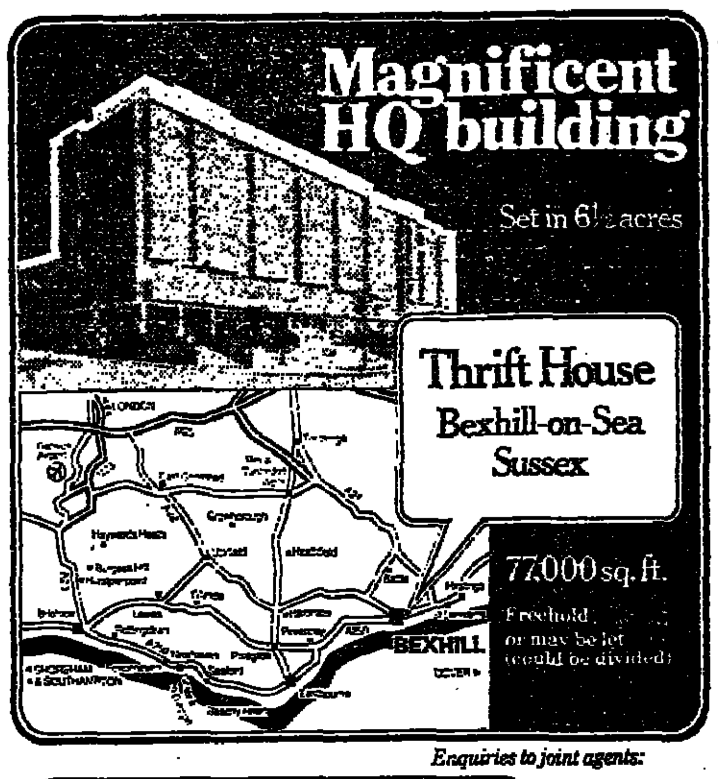

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TELEVISION

Chris Dunkley: Tonight's Choice

In Newsweek on BBC-2 Keith Kyle reports from Taiwan and Washington on the shifting pattern of international relationships between China and the U.S., Russia and China, and the U.S. and Russia at a time when America's relations with China are once again critical. Brezhnev has decided the time is right to play the China card in an attempt to win back the Chinese to Russia's side. Kyle makes it clear that this is not unconnected with America's decision to sell $60m-worth of military equipment to the anti-Communist regime in Taiwan.

Ian Richardson, Rosalie Crutchley and Lee Montague star in "Playhouse" on BBC-2. Passing Through by Rhys Adrian. Arthur (Lee Montague) a railway worker is in the pub drinking the first of his usual nightly four pints when he is dragged into conversation by Richard (Ian Richardson). Although an unlikely couple, they establish an understanding and Arthur is reluctant to leave Richard on the kerb when the pub closes. He does so, however, and returns to his wife Beth (Rosalie Crutchley). Next morning brings Arthur some bad news and a puzzling discovery.

On Radio 4 Kaleidoscope, which is presented by Sheridan Morley, covers the Chichester production of Shaw's "On The Rocks" and the National Portrait Gallery's exhibition of Bill Brandt's photographs including portraits of Graham Greene, Picasso, and Benjamin Britten.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00-12.10 pm For Schools, Colleges. 12.30 News After Noon. 1.00 Pebble Mill at One. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 2.30-2.53 Weekend Wardrobe. 3.25 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Make 'Em Laugh. 4.45 Newsround Extra. 5.00 Blue Peter Special Assignment.

5.40 News.
6.00 Regional News Magazines.
6.22 Nationwide.
6.45 Sportswide.
7.00 Are You Being Served? starring John Inman and Mollie Sugden.
7.30 Odd One Out: quiz game with Paul Daniels.
8.00 The Enigma Files: detective series starring Tom Adams.
8.50 Points of View with Barry Took.
9.00 News.
9.25 McLain's Law starring James Arness.
10.15 Militant Tendency . . . Enemy Within? (London and South-East only).
10.45 News Headlines.
10.50 Amateur Boxing: "The George Wimpey ABA Championships."
11.50-1.25 am The Late Film: "John And Mary," starring Dustin Hoffman and Mia Farrow.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
1.00 pm Snooker and Racing.
5.10 Harmony.
5.35 Weekend Outlook.
†5.40 Stars of the Silent Screen: "The Great K&A Train Robbery," starring Tom Mix.
6.30 Snooker.
7.10 News Summary.
7.15 Something Else.
8.00 Gardeners' World.
8.25 Newsweek.
9.00 Playhouse.
9.50 Snooker.
10.45 Newsnight.
11.30-12.25 am Snooker.

LONDON

9.35 am Schools Programmes. 11.52 The Bubbles. 12.00 Song Book. 12.10 pm Once Upon a Time. 12.30 Local Elections Round-up: Alistair Burnet and Peter Sissons analyse the national picture. 1.00 News, weather report and FT share index. 1.20 Thames News with Michael Wilson. 1.30 Crown Court. 2.00 After Noon Plus: Elaine Grand presents the last of a special week of programmes celebrating women live. 2.45 Friday Matinee: "The Power Within," starring Eric Braeden and Art Hindle. 4.15 Sylvester. 4.20 Razzmatazz. 4.45 Freetime presented by Mick Robertson. 5.15 Film Fun

5.45 News.
6.00 The 6 O'clock Show—Marathon Special Phone-in presented by Michael Aspel, with Janet Street-Porter and Fred Housego.
7.00 Family Fortunes.
7.30 The Fall Guy.
8.30 The Bounder.
9.00 We'll Meet Again.
10.00 News.
10.45 Benson.
11.15 The London Programme: Election Special.
11.50 Dolly, starring Dolly Parton.
†12.20 am Rawhide starring Clint Eastwood.
1.20 Close: Sit Up and Listen

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 12.45 Friday Film Matinee: "The Oracle," starring Robert Beatty and Mervyn Johns. 6.00 About Anglia. 10.45 Bizerre. 11.15 Members Only. 1.45 Friday Late Film: "The Death Of Richie," starring Ben Gazzara. 1.15 am Dear Diary.

BORDER
1.20 pm Border News. 12.45 Film: "You're Only Young Twice," starring Duncan MacRae and Joseph Tomelty. 6.00 Lookaround Friday. 6.30 The Electric Theatre Show. 10.45 Worth Keeping. 11.15 Danger UXB. 12.15 am Border News Summary.

CENTRAL
1.20 pm Central News. 12.45 Starring Richard Burton: "Green Grow The Rushes." 6.00 Central News. 10.45 Soap. 11.15 Central News 11.20 Starring Richard Burton: "Bluebeard."

CHANNEL
11.55 am Look and See. 12.30 pm Channel Island Airways. 1.20 Channel Lunchtime News. What's On Where, and Weather. 2.45 The Friday Matinee: "The Girl On The Late, Late Show." 5.15 Emmerdale Farm. 6.00 Channel Report followed by What's On Where. 6.30 Grown Study. 7.30 Hart To Hart. 10.43 Channel Late News. 10.50 House Calls. 11.20 Continental Cinema: "The Tall Blond Man With One Black Shoe." 12.55 am News and Weather in French.

GRAMPIAN
9.30 am First Thing. 1.20 pm North News. 12.45 Friday Matinee: "Thirteen Frightened Girls." 6.00 North Tonight including Sports Desk. 10.45 The Late Night Horror Show: "Doctor Jekyll and Sister Hyde." 12.20 am North Headlines, road report.

GRANADA
11.52 am Wattoo Wattoo. 1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 About Britain. 2.30 Friday Matinee: "The House Of Seven Gables." 6.00 Kick Off. 6.30 Granada Reports. 10.45 Yesterday's Dust, Tomorrow's Dreams. 11.30 The Late Film: "Frenzy."

HTV
1.20 pm HTV News. 2.45 Friday Film Matinee: "Genevieve," starring John Gregson, Dinah Sheridan, Kenneth More and Kay Kendall. 6.00 HTV News. 6.30 So What's Your Problem? 10.43 HTV News. 10.45 Flowers, Dartmouth 1982 (The Grand Final). 11.15 The Late Film: "Fear Is The Key." HTV Cymru/Wales—As HTV West except: 9.30-10.05 am Mwy Neu Lai. 12.00-12.10 pm Both Am Stori? 4.15-4.45 Penlanwyr Pedertred. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Making It Work. 10.45-11.15 Outlook.

SCOTTISH
12.30 pm Spellbinders. 1.20 Scottish News. 2.45 Friday Matinee: "Beach Patrol." 6.10 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Sports Extra. 6.45 Hear Here. 10.45 Ways and Means. 11.15 Late Call. 11.20 Movies Through Midnight: "The Man Who Would Not Die."

TSW
1.20 pm TSW News Headlines. 2.45 "The Girl On The Late, Late Show," starring Don Murray and Yvonne De Carlo. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South-West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.47 TSW Late News. 10.50 Continental Cinema: "The Tall Blond Man With One Black Shoe." 12.30 am Postscript. 12.35 South-West Weather.

TVS
1.20 pm TVS News. 2.45 Friday Matinee: "Matt Helm" (TV Movie). 5.15 Sale of the Century. 6.00 Coast To Coast. 6.30 Friday Sportshow. 10.45 Getting It On: Brighton Festival. 11.15 Pro-Celebrity Snooker. 12.00 Barney Miller.

TYNE TEES
9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. 12.45 Friday Matinee: "The Ghost Train," starring Arthur Askey and Richard Murdoch. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.45 North-East News. 10.47 Friday Live. 12.00 Superstar Profile. 12.30 am Poet's Corner.

ULSTER
12.30 pm Untamed World. 1.20 Lunchtime. 12.45 Friday Matinee: "You're Only Young Twice," starring Duncan MacRae, Joseph Tomelty and Patrick Barr. 4.13 Ulster News. 5.15 Milestones of Millstones. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Diff'rent Strokes. 10.44 Ulster Weather. 10.45 Witness. 10.50 Gloria Plus. 11.50 News at Bedtime.

YORKSHIRE
11.55 am The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 12.45 Friday Film Matinee: "You're Only Young Twice," starring Duncan MacRae and Charles Hawtrey. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 11.15 Jean-Paul Belmondo and Claudia Cardinale. 1.05 am Company.

(S) Stereophonic broadcast (when broadcast on VHF)

RADIO

RADIO 1
5.00 am As Radio 2. 7.00 Three Men In A Boat (S). 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Harry Carpenter (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S) including Racing from Lingfield at 3.30. 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Take Your Partners in the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 The Random Jottings of Hinge and Bracket. 10.30 Alistair Cooke (A personal view of popular music). 11.00 Peter Clayton with Round Midnight. 1.00 am Night Owls (S). 2.00 Star Wars (S). 2.27-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Roussell (S). 10.00 BBC Welsh Symphony Orchestra (S). 11.10 Vaughen Williams song recital (S). 11.45 Borodin string quartet recital (S). 12.15 pm French Music: part 1 (S). 1.00 News. 1.05 French Music: part 2 (S). 1.45 Malvern Concert Club (S). 2.50 Northern Sinfonia of England (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 The Romance and the Rose (S). 7.30 Nash Ensemble (S). 8.55 Poetry Now. 9.15 Felix Weingartner conducts Beethoven, Symphony No. 2: record (1938). 9.45 Music In Our Time (S). 11.00 News. 11.05-11.15 From Elysian Fields: Gluck (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather; travel. 9.00 News. 9.05 Desert Island Discs (S). 9.45 A Sideways Look at . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 You the Jury (S). 11.48 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 Frank Muir Goes Into . . . Biography (S). 12.55 Weather; travel: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Round Pegging. 4.10 Locally Speaking. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Archive Auction. 12.00 News.

FT COMMERCIAL LAW REPORTS

No summary judgment if defence possible

PACLANTIC FINANCING CO INC AND OTHERS v MOSCOW NARODNY BANK LTD
Queen's Bench Division (Commercial Court): Mr Justice Webster: April 30 1982

AN APPLICATION for summary judgment under Order 14 of the Rules of the Supreme Court should not be granted if, on the defendant's affidavit evidence, a faint possibility of a defence exists; and such evidence shall not be rejected on the ground only that it is incredible or almost incredible.

Mr Justice Webster so held when refusing an application by the Moscow Narodny Bank Ltd for summary judgment under Order 14 against Mr Eddie Wong, in a claim for money lent. Mr Wong was given conditional leave to defend the claim.

Mr Wong is the fifth plaintiff in an action by Paclantic Financing Co. Inc. and others against the bank, claiming, *inter alia*, a declaration that no sums are due from them to the bank. The bank's counterclaim in that action includes a counterclaim against Mr Wong for $14,212,434 as money lent. The present application was in respect of that sum.

Order 14 sets out the procedure for obtaining summary judgment without proceeding to trial in actions in the Queen's Bench Division and Chancery Division of the High Court. Rule 1(1) provides: ". . . the plaintiff may, on the ground that the defendant has no defence to a claim . . . apply to the court for judgment . . ."

* * *

HIS LORDSHIP said that the bank lent sums amounting to $14,212,434 to Mr Wong, through its Singapore branch. It now applied for summary judgment against him under Order 14, for the money lent, with interest.

Summary judgment was resisted on behalf of Mr Wong, because, it was said, eight triable issues of fact were raised in affidavits sworn for the purpose of the application, which would wholly or partly defeat the bank's claim. Mr Stamler for the bank, submitted that the court had jurisdiction to reject and should reject, Mr Wong's affidavit evidence.

After considering the "eight triable issues," his Lordship found that either Mr Wong's affidavits were almost entirely incredible, or that it was doubtful that he could rely on issues raised. However, one issue gave rise to an arguable, and another to a very faintly arguable, point of law.

Under Order 14 summary judgment should not be given where there was a *bona fide* defence, or where for some other reason, there ought to be a trial. On an application for summary judgment, disputes of fact should not be decided, serious questions should not be determined, and issues should not be tried. A defendant seeking to resist summary judgment should state clearly and concisely what his defence was, and what facts were relied on to support it.

The question was whether, on an appplication for summary judgment, the court might reject a defendant's affidavit evidence on the ground that it was incredible.

Mr Stamler, when submitting that the court had jurisdiction to reject Mr Wong's evidence, relied on certain authorities. In *Four Milbank Nominees v Frederick (May 3 1977)* Sir Robert Megarry V-C rejected an affidavit, sworn to support the defence, because he found it incredible. However, in that case the application was not under Order 14, but under Order 28 Rule 4. Neither that decision, nor the Court of Appeal decision in which it was upheld, were clear authority that a court, on an application for summary judgment under Order 14, might reject an affidavit because it found it incredible.

In *Lady Anne Tennant v Associated Newspapers Group [1979] FSR 298* Sir Robert Megarry V-C gave summary judgment under Order 14; but that was partly because of lack of evidence, and partly because counsel for the defendants failed to make it clear what was the issue to be tried.

In *American Express International Banking v Irvani (July 23 1980)*, Mr Justice Lloyd unquestionably disregarded sworn evidence of the defendant; but his decision was at least as consistent with his having decided that the evidence was irrelevant, or inadmissible, or of intrinsically little weight, as with his having decided to reject it because he could not believe it.

Finally, Mr Stamler relied on *Yorke Motors v Edwards [1982] 1 All ER 1024*. There the judge and the Court of Appeal had concluded that the defence was just sufficient to raise a shadowy triable issue. Mr Stamler relied on the words in parenthesis in Lord Diplock's speech at page 1027, ". . . I agree with the judge and the Court of Appeal that if any triable issue has been raised at all (a matter on which, despite my own doubts, I would not think it right to over-rule an opinion which lies within their discretion), the likelihood of Mr Edwards succeeding upon it is extremely remote."

However authoritative the source, those words in parenthesis were insubstantial material on which to found a clear rule of law that there was jurisdiction on an Order 14 application to reject affidavit evidence on the ground that it was not to be believed because of inconsistency with other evidence, or inherent implausibility.

Both affidavits in the present case contained evidence of defences which might or might not be spurious. Where, in such case, leave to defend was given, the subsequent trial might take many months and the bank might be deprived of money to which it was entitled for many years.

On the other hand, if summary judgment were given, a defendant might be deprived of a legitimate defence, without trial, and without having been heard.

In the absence of an opportunity to test the defendant's veracity, the court should never give summary judgment for the plaintiff if, on the evidence before it, even a faint possibility of a defence existed.

Mr Wong's affidavits should therefore only be rejected if the evidence contained in them was inherently unreliable because it was self-contradictory, inadmissible, or irrelevant. Such evidence should not be rejected if, because of its inherent implausibility or its inconsistency with other evidence, it was incredible or almost incredible.

Although much of Mr Wong's evidence was almost incredible, it could not be said that enough of it was inherently unreliable, inadmissible, or irrelevant, to entitle his Lordship to reject it on any one issue, let alone all eight. One point of law was arguable and one other was very faintly arguable, so although much of it was almost entirely incredible, there was just an arguable defence.

Mr Wong should therefore be given leave to defend the bank's counterclaim.

For the bank: Samuel Stamler QC and Nicholas Strauss (Slaughter & May).
For Mr Wong: Terence Cullen QC and Steven Gee (Holman, Fenwick & Willan).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ESAL BOOKMAKERS, whose parent company, Esal Commodities, has about 50 horses in training in Britain as well as others in the U.S., gets its £60,000 sponsorship programme for 1982 off the ground at Lingfield today.

There it will be contributing £12,000 towards the prize money for the Esal Bookmakers Oaks trial as well as giving £200 to the lad responsible for the winner and a further £300 to the lad's stable "pool".

Nine horses, including Cornish Heroine, Rockfest and Tikaki are due to line up and in spite of the size of the field this is probably the most open classic trial seen to date this spring.

With Swiftfoot — Dick Hern's principal Oaks hope after Height of Fashion — having won so well at Chester, there will be plenty of West Ilsley fans only too willing to row in with Tikaki. Peter McBean's Hawaii filly, whose best performance last year came when she chased home Last Feather at Newbury, ran a sound race in Ascot's Autobar stakes on her reappearance nine days ago.

Soon well placed in that event over the old mile, Tikaki kept on well in the straight to finish a close fourth behind Kareena, Bindu and Toujours Vert. She will be ideally served by today's additional half mile.

Cornish Heroine and Rockfest have also each made one appearance this spring. Cornish Heroine, a $150,000 (£83,000) yearling purchase, chased home the Oaks favourite Sing Softly in Newmarket's Pretty Polly stakes.

However, Rockfest did well to finish a close fourth in the Princess Elizabeth stakes after failing to get the best of runs below the distance. Both should go well—without beating Tikaki.

Half an hour before the fillies' trial Patrick Haslam, John Sutcliffe and Geoff Lewis all field Esal Commodities' two-year-olds in the Esal maiden stakes. Here the Haslam representative Kin of Rock, is preferred to the once-raced Hannon colt General Concorde.

LINGFIELD
2.00—Hoodwink*
2.30—Nawab
3.00—King of Rock**
3.30—Tikaki***
4.30—Proserpine

INTERNATIONAL PROPERTY

APPOINTMENTS

Chairman for Electrolux

Mr John Redman has been appointed chairman of the UK ELECTROLUX GROUP. He succeeds Sir Alex Page who is retiring on May 31. Mr G. P. H. James, managing director of Electrolux, and Mr P. B. Bullock, managing director of Flymo, have been appointed joint managing directors of Electrolux Associated Companies in addition to their present duties.

*

Mr J. F. Phillips has been appointed chairman of the LONDON DIAGNOSTIC AND IMAGING CENTRE.

*

STANDARD LIFE ASSURANCE, Edinburgh, has appointed Mr J. Stretton as joint pensions manager; Mr I. C. Lumsden as joint actuary; and Mr T. K. Crombie and Mr R. D. Muckart, as portfolio managers.

*

Mr John F. Callis has been appointed a director of CITY AND INDUSTRIAL PUBLICITY SERVICES, a Lopex group company.

*

Mr Thomas E. Cottrell, managing director of TEXACO for marketing, refining, supply and transportation, is to take early retirement from the end of May.

*

Mr Colin Amies has been appointed a corporate finance director MIDLAND BANK and will head a newly-established electronics industry section within the corporate finance division. He joined Midland Bank from Standard Telephones and Cables as electronics industry adviser in May 1980.

*

Mr Albert E. De Barr, founder director of research of the MACHINE TOOL INDUSTRY RESEARCH ASSOCIATION, has retired. He is succeeded by Mr M. E. Hadlow.

*

The CO-OPERATIVE BANK has appointed six assistant general managers, five based at the bank's Manchester headquarters. Mr Lewis Wilkinson becomes assistant general manager (central services); Mr David Cavell joins customer services division; Mr Brian Jones has been appointed assistant general manager, branch operations (northern division); Mr Doug Heydon becomes agm (group accounting) and retains responsibility for the bank group's accounts and accounting information service; Mr Barry Askew becomes assistant general manager (data processing services); and Mr Dick Samways has been appointed agm (international).

*

The Henry Boot Group has formed a new company — HENRY BOOT INVESTMENTS. Mr. R. J. Preston, Group finance director, has been appointed managing director of Henry Boot Investments. Mr E. H. Boot chairman, and Mr D. H. Boot director. Mr M. E. Mountain, managing director of Henry Boot Developments continues to be responsible for the day to day management of the development activity through this company and its associates. Mr A. D. Glossop has been appointed managing director of First National Housing Trust and is responsible for the day to day management of the property investment activity through this company and its associates.

*

Mr C. R. Webber, financial director, Capseals, has been appointed a director of SONOCO UK, which recently purchased 59.2 per cent of Capseals from Cope Allman International and has made a recommended cash offer for the remaining 40.8 per cent of Capseals equity.

*

At the ROYAL BANK OF SCOTLAND Mr Norman M. Irvine, assistant general manager, has been appointed general manager (electronic data processing). He succeeds Mr William McKim who was appointed an executive director. Mr William S. Lindsay, controller, production services, head office, data processing, was appointed assistant general manager (electronic data processing) in succession to Mr Irvine.

*

Mr D. M. Wilkinson has today been appointed group financial controller of SCOTTISH & NEWCASTLE BREWERIES. Mr Wilkinson was formerly finance director of Scottish & Newcastle Beer Co.

*

McCORQUODALE has appointed Mr P. J. G. Elwes, Mr R. P. Hornby and Mr R. H. Wallace as non-executive directors. Mr Elwes is a director of Kleinwort, Benson; Mr Hornby is a vice-chairman of the Halifax Building Society and a non-executive director of Cadbury Schweppes; and Mr Wallace has been managing director for the past ten years of Elgin Building Services, a subsidiary of one of the Thomas Tilling Group of Companies.

*

Mr Mogens Giersing has been appointed chairman and Mr Graeme S. Kidd has been appointed managing director of CHRISTIANI NIELSEN. Lieut. Gen. Sir Harold Redman and Mr L. Ralph Elcombe have retired from the board. Mr Peter Landhus and Mr Graham R. S. Elcombe have been appointed directors.

*

CAMBRIDGE PETROLEUM ROYALTIES has appointed two non-executive directors: Mr John C. Walton, who is director of investments, Imperial Life Assurance Company of Canada, and Mr A. J. (Tim) Knights, an independent oil consultant.

*

Mr Rodney Sheldon, managing director of C. Townsend Hook & Co, has become president elect of THE BRITISH PAPER AND BOARD INDUSTRY FEDERATION.

*

Mr A. M. Warmington has been appointed to the board of STREETS FINANCIAL.

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Bank	13 %
American Express Bk.	13 %
Amro Bank	13 %
Henry Ansbacher	13 %
Arbuthnot Latham	13 %
Associates Cap. Corp.	13 %
Banco de Bilbao	13 %
BCCI	13 %
Bank Hapoalim BM	13 %
Bank Leumi (UK) plc	13 %
Bank of Cyprus	13 %
Bank Street Sec. Ltd.	14 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Beneficial Trust Ltd.	14 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13½%
Castle Court Trust Ltd.	13½%
Cavendish G'ty T'st Ltd.	14 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13 %
Choulartons	13½%
Citibank Savings	¶12¾%
Clydesdale Bank	13 %
C. E. Coates	14 %
Consolidated Credits	13 %
Co-operative Bank	*13 %
Corinthian Secs.	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
E.T. Trust	13½%
Exeter Trust Ltd.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
Robert Fraser	14 %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Heritable & Gen. Trust	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Hongkong & Shanghai	13 %
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	13 %
Mallinhall Limited	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Roxburghe Guarantee	13½%
E. S. Schwab	13 %
Slavenburg's Bank	13 %
Standard Chartered	‖13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
TCB Ltd.	13 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Wintrust Secs. Ltd.	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11¼%, £50,000 and over 11¾%.
‡ Call deposits £1,000 and over 10¼%.
§ 21-day deposits over £1,000 11¾%.
‖ Demand deposits 10¼%.
¶ Mortgage base rate.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Nurturing latent talent

Arnold Kransdorff reports on a novel career development programme

JAMES HAYES thinks he knows how to turn good managers into even more successful ones. In fact he has spent more than $1m putting his theory into practice and companies like American Airlines, Union Carbide and Xerox Corporation reckon he may be on the right track.

Their executives are among 160 managers currently attending a novel—and expensive—training course in New York that is the result of an alluring concept by Hayes, chairman of the American Management Associations.

Hayes believes that all successful managers have a number of characteristics or skills in common. He calls them "competencies." Identify them—and aspiring executives need only acquire those they are lacking to have all the prerequisites of success, he believes.

To prove his theory he has spent $1.35m conducting research over a five-year period among 2,000 managers from Fortune's list of 500 top industrial companies. The results were as he expected—successful managers did have certain characteristics in common.

"Competencies are characteristics of an individual which are related to performance in a job," says Hayes. "Our research revealed about 30 competencies, but only 18 of these are generic. These 18 will produce a successful manager."

As a result of this research the AMA has developed a system for measuring individual managers against this model and—through special on-the-job training—helping them to develop the skills they do not possess.

The course costs $3,500 and should last around six months, depending on the number of "competencies" that have to be acquired.

Successful completion of the course carries an AMA diploma but it could have "degree" status in the State of New York and California if applications to local educational authorities are approved.

James Hayes: "If you behave the way successful managers do, then you will also become successful"

The first graduates from the course are expected later in the summer. They hold mainly middle management jobs and are aged in their 30s.

Hayes, 67, a former Dean of the School of Business Administration at Duquesne University, Pittsburg, is confident that his technique will produce successful U.S. managers, although he is not certain yet that such a model is necessarily suitable for other countries.

"All we know about the manager is what he reveals in his behaviour," he says. "Since we have tried a model that indicates that 2,000 successful (U.S.) managers all show these 18 competencies, our present feeling is that if we can help a person develop these 18 competencies, that person will be successful. We feel confident that if you behave the way successful managers do, then you will also become successful."

So how does a successful American manager behave?

Hayes has grouped their common characteristics under four headings—intellectual, entrepreneurial, socio-emotional and interpersonal.

Under intellectual comes the ability to think logically, and to assemble seemingly unrelated events into a pattern—what he calls conceptualisation. A third skill is the diagnostic use of concepts or the ability to make use of known theories of models and develop new ones.

There are two entrepreneurial skills. The first, the effective use of available resources, deals with planning, organising work in hand and presenting an image of efficiency and achievement; the second is the ability to take initiatives and turn them into results.

The two final groups contain the largest number of skills.

Under the socio-emotional heading there are five. The first is self-control / self-discipline—dealing with the ability to control impulses and personal reactions and the ability to place organisational needs above personal ones.

Next is spontaneity—the ability to act and express oneself freely. A successful manager also has to be "perceptually objective," in other words be able to keep an emotional distance from problems and give impartial views.

The two other skills in this group are "accurate self-assessment"—the ability to recognise one's strengths and weaknesses—and the stamina and adaptability to be able to adjust to unexpected situations.

The final group covers eight skills. They include self-confidence and the ability to help others develop themselves.

Another is what Hayes calls "impact"—the ability to influence others as well as being heard in any group.

The next two skills include the use of "unilateral power" and "socialised power." The first concerns the ability to take charge of a situation while the second deals with the ability to build effective alliances and be part of a team.

Verbal persuasion is another necessary skill, as is "positive regard." Hayes explains that, having delegated tasks and given others an opportunity to perform, a manager with this skill will let others feel that they are highly valued.

The final skill in this group is managing group processes—the ability to foster pride, co-operation and teamwork in an organisation.

Hayes uses these 18 skills as the model on which to mould his students. His course consists of three formal stages.

First, a manager sits a five-day assessment session consisting of interviews and group discussions. Everything is tape-recorded.

The managers later return for another period of seven days. Hayes explains: "They are told how they did in all competencies—about the ones they have and the ones they do not have.

"A learning plan is made for the acquisition of the competencies that each individual lacks. The managers go back to their jobs and go to work on the competencies that are missing. If they feel they are not getting results they call us and ask for suggestions."

He stresses that the key to the acquisition of missing skills is that the manager learns while on the job. Eventually the manager must prove to the satisfaction of a faculty panel that he can use his newly acquired skills.

Hayes believes that future developments in management training will rest on the development of competencies.

"There will be a day when we will assess every manager in order to find out what training that person needs. This programme could be the basic model for management development in the future."

Course details available from Management Centre Europe, 4 ave des Arts, 1040 Brussels, Belgium.

A 'Trojan Bullock' emerges

The long-awaited EEC fifth directive on worker participation is about to be sanctioned. John Wyles discusses its content and reports on its likely reception

NEARLY ten years after it first saw the light of day—and more than a little changed by constant political buffeting—the celebrated draft EEC directive on worker participation will receive a long-delayed blessing from the European Parliament in Strasbourg next week.

When Britain joined the EEC in 1973, the "draft fifth directive on the structure of public companies" was seen by many as a paramount example of the alien continental practices which Community membership would force her to accept. Reeking of German co-determination systems, the directive lit a fire under Britain's own internal debate on worker democracy which culminated in the Bullock Report of January 1977 with its majority proposals for putting trade union based worker directors on company boards.

Although Britain's Institute of Directors has unconfidently labelled it "A Trojan Bullock?", the draft being considered and amended in Strasbourg next week is in many respects less radical than the majority Bullock proposals and certainly more flexible than the plans first tabled by the Commission ten years ago.

However, this is unlikely to make it any more welcome to Mrs Thatcher and her Ministers who are resolutely opposed to legislating for worker participation and consultation.

But the British may find themselves in a minority when the Council of Ministers begins negotiating the draft—probably towards the end of the year once the Commission has revised its proposal in the light of the Parliament's opinion. The reasons are two-fold: employee participation is already widely legislated for on continental Europe, and the draft directive is now something of a "bran tub" of options from which governments can choose according to their national circumstances.

Since the directive is trying to set a minimum legal framework upon which governments will build through national legislation and since the options are already drawn from current practices, it should not prove to be unacceptably controversial in West Germany, the Netherlands, Belgium, Denmark, France and Italy.

This definition of options is much the most important change made to the draft during the past ten years. The original plan for a two-tier board structure would have given broad control of a management board to a supervisory board in companies employing more than 500 people. Either one third of the supervisory board would have been appointed by the workers or its membership would be determined by co-option subject to the influence of workers and shareholders.

After listening to tirades of criticism of the draft for its inflexibility and its attempt to cast all of Europe in the same mould, the Commission came back with a revised approach in 1975.

Published as a green paper, these suggestions found their way into a working document prepared for the Parliament's legal affairs committee in May 1978. This remained loyal to the two-tier board structure with employee participation on the supervisory board, but did not make it obligatory if a majority of workers opposed it and in any case allowed for a transition period of five years. In the meantime, companies could either set up a supervisory board or a representative council of employees. In both cases, employee representatives would be appointed by all employees through a secret ballot and according to proportional representation.

If, however, a company wished to retain a unitary board, one third of its members could be elected by the workers if a majority of them were not opposed to the principle. Alternatively, the unitary board could be appointed by shareholders but it would operate in tandem with a representative body of workers enjoying the same rights to information and consultation as the non-executive members of the unitary board.

However, in the spring of 1979 something rather more radical began to emerge from the Parliament's legal affairs committee, including equal board representation for shareholders and employees. But this report was not adopted for lack of a quorum in May 1979 and successful lobbying by business succeeded in having it referred back to the Legal Affairs Committee of the new directly-elected Parliament in September of that year.

After concluding that it would be politically unrealistic to try to torpedo the directive, British Conservatives, led by Amedee Turner, member for Suffolk and Harwich, have been extremely influential in widening the options open to governments and in ensuring that any move in the direction of the British TUC's preference for a strictly trade union-based system is thwarted.

The report being voted upon next week, prepared on behalf of the committee by the German liberal Aart Geurtsen, also requires a majority vote of employees in favour of participation before any change is made in a company.

It also dispenses with the notion of a transition period leading to a uniform two-tier structure, calling instead for a review after five years of the way in which the directive has worked. Further changes endorsed by the committee include raising the threshold to 1,000 employees above which companies must operate participation systems, and excluding groups of companies altogether from the scope of the directive.

The Geurtsen report has left it to the Commission to define what a group actually is. The unexpectedly novel and very vague, element in the Parliamentary draft is a provision allowing employee participation to be established by collective agreement. This is meant to be a bow in the direction of Italian preferences but it hardly seems to conform to the draft's objective of equivalence—that is, each participation system should be as broadly effective as another.

The other options are set out above. Significantly, British MEPs think the one most likely to interest British companies is the unitary board with a representative employees council. The Parliament's draft does not give this council the same rights of authorisation over management proposals for closures, transfers and major organisational changes as are given to a supervisory board in a two-tier structure.

As with so many EEC issues, it is easy to become immersed in a discussion of technical issues without ever stopping for a moment to consider why the change is worth making. To the Commission, harmonisation of company law requirements on all things from accounting systems to worker participation is necessary for the construction of the Common Market.

For his part, Geurtsen asserts in his report that decisions which affect the existence of employees should not be taken without allowing those employees "not only to give their opinion but also to have a vote in the final decision."

It will be interesting to see whether the re-emergence of the fifth directive as a live political issue revives the worker democracy debate in the UK or whether large-scale unemployment has consigned it to a by-gone age.

Options allowed by the Guertsen report to the European Parliament

BOARD STRUCTURES

- Either two-tier, that is management board and supervisory board

OR

- Unitary board including non-executive directors with defined supervisory functions and powers.

EMPLOYEE PARTICIPATION SYSTEMS

- Not less than one third membership of supervisory board elected by all employees.

OR

- Representation through co-option to supervisory board of members who are neither employees of the company nor of a trade union representing them.
- Employee Representative Council—to exist with co-opted supervisory board or with unitary board appointed by shareholders.
- Not less than one third membership of a unitary board.
- Collective bargaining leading to participation systems sufficiently equivalent to others in the directive.

Business courses

Microprocessor Applications. Billingham, Cleveland. June 14-25. Fee: £460 (plus VAT). Details from Roxby Training Centre, Roxby Engineering International, Lagonda Road, Billingham, Cleveland, TS23 4JA

Cost-Effective Management Development, London. June 15. Fee: £95 (plus VAT) members £125 (plus VAT) non-members of the Institute of Directors. Details from Education Director, Institute of Directors, 116 Pall Mall, London SW1Y 5ED.

Vehicle Routing, London. June 22. Fee: £80. Details from Department of Management Science, Imperial College, *Exhibition Road, London SW7* 2BX

Management of Research, Development and Technology-Based Innovation, Cambridge, Massachusetts. June 14-25. Fee: $2,000. Details from Massachusetts Institute of Technology, Cambridge, Massachusetts 02139 USA.

Quality Circles Leadership, Bromley, Kent. June 2-4. Fee: £350 (plus VAT). *Details from* Sunridge Park Management Centre, Bromley, Kent, BR1 3TP.

If Japan Can . . . So Can We, London. June 23-24. Fee: £245 (plus VAT). Details from David Hutchins Associates, Index House, Ascot, Berkshire, SL5 7EU.

THE ARTS

Cinema

Food for thought

by NIGEL ANDREWS

My Dinner With André (A) Gate Bloomsbury
Buddy Buddy (AA) ABCs Shaftesbury Avenue, Fulham Road and Bayswater
No Mercy No Future ICA
Clean Slate (AA) Curzon
Beyond Reasonable Doubt (A) The Lane, Odeon Kensington
Road Games (AA) and An Eye For An Eye (AA) General Release

My Dinner With André is a near-impossible task brilliantly brought off. A two character talk film set for 100 of its 110 minutes at a restaurant table from which it doesn't budge. Two heads tuck fastidiously into soup and paté and quail while talking with wit, passion and venturesome abandon about life and art.

Wallace Shawn and André Gregory, New York playwright and avant-garde director respectively, created this duologue—it was slimmed down into a feature-length script by Shawn from long hours of taped impromptu conversation between the two—and they also perform it. Louis Malle directs. Shawn, a plump and bald-crowned New York bohemian with a high nasal voice, is first glimpsed hurrying to his tryst by tube. He has received a mystery dinner invitation from Gregory, whom he hasn't seen for years.

Outside the restaurant he hastily dons a ready-knotted tie and smooths a crumpled beige suit. At the restaurant, enter Gregory; a lean lantern face atop a cardigan and open-neck shirt.

Once they sit down, you realise that Gregory is the mage, Shawn the funny-humble common man. Gregory has the Ancient Mariner's glittering eye and a sage, rapt, singsong-adenoidal voice that's like Alistair Cooke gone mystical. Shawn sits there goggle-eyed like a fish.

As they order and eat, Gregory spins long, magical bizarre soliloquies that outlast the *terrine de poisson* and threaten to do the same for the quail course. Fresh from his "drop-out" experiences with theatre groups in Polish forests, nature communities in Scotland, *gestalt* workshops in Montauk, sand-eating in the Sahara, he is reaching a middle-age poised between despair and mystic lunacy. Life is a series of existential doors to be opened, revealing ecstasy or abyss and he is narrating his travels-of-the-mind for Wally's benefit, who stares open-mouthed wondering (like us) when, if ever, he will stop.

Finally, as the quail course yields to coffee, Wally starts to chime in more regularly, and the plangent, stammering, Woody-Allen-ish scepticism sprays and cools the hothouse growths of Gregory's mind. Wally speaks up for the humble magic of the everyday: sitting at home talking to the wife or watching television or "reading Charlton Heston's autobiography." But Gregory, attentive and generously alert, is also sublimely un-deflectable. The monologue has changed to a duologue, the duologue has soared to a philosophical duel. There's a final ringing clash of credos. And then the film like the dinner, coffee finished, finishes. Gregory vanishes, taxis back home through puzzled, rainy New York streets.

It takes nerves of steel to film two talking heads for an hour and a half and not cut away, for light relief, to Taittinger-sipping waiters or *haut monde* diners shimmying through the revolving doors or stray saucepans flying out of the kitchen propelled by explosive chefs.

But Malle's nerves are adamantine. The film's subject demands and gets total concentration, in a strict but subtle camera play of close-ups and two-shots and varied full-face and profile portraiture. The result is the cinema's answer to all Heaven in a grain of sand: all humanity in a restaurant corner-table, where smart talk slowly, irresistibly sea-changes into souls' exposure.

*

Minimalism less wondrous is offered by Billy Wilder's new film *Buddy Buddy*. Superfluously re-upholstering the farcical frame of the hit French film comedy *L'Emmerdeur* (directed by Edouard Molinaro, later of *La Cage Aux Folles*), this tale of hired gunman and suicidal crybaby getting on each other's wicks in adjoining hotel-rooms falls flat on its funny-bone. Walter Matthau is the paid assassin lining up his rifle-sights from the hotel window on the courtroom opposite, where a top trial witness must be disposed of. Jack Lemmon is the businessman who has left his wife, and is scanning his room for ceiling fixtures strong enough to hold stout ropes. The two men meet, entangle and mess up each other's plans.

There's a perky comic idea in here somewhere. But under Wilder's guidance it is pitifully elusive and Lemmon and Matthau spend all their time looking for it, heads down, and banging their craniums. Klaus Kinski and Paula Prentiss are briefly conscripted into the search to help—as a sex clinic chief and Lemmon's wife—but are no more successful than the stars. Lenten entertainment from a director and two screenwriters (Wilder and I. A. L. Diamond) who 23 years ago brought you *Some Like It Hot*.

*

Helma Sanders-Brahms's powerful *No Mercy No Future* was shown at last year's London Film Festival and won the BFI prize for Best Film of 1982. Whirling her schizophrenic heroine through alternating spirals of madness and clarity in waste-land Berlin, Germany's leading woman director forges a frightening tragedy of the big-city everyday.

Clutching at straws of religion and sex, the girl—based on a real schizophrenic, "Rita G.," whose diaries helped fashion the screenplay—bumps like flotsam from one male breakwater to another among society's down-and-outs (she sees the poor and oppressed as incarnations of Christ) and, as sexual encounters fail her from one suicide bid to another. Finely played by Elisabeth Stepanek as the girl, it's a film of raw and haunting grandeur.

*

Bertrand Tavernier's *Clean Slate (Coup de Torchon)*, by contrast, is a sun-touched morality-melodrama set in French colonial Africa circa 1938. The one-man police presence in a small sand-blown town is ill-shaven Philippe Noiret large of girth and prone to wearing long-johns, and when he starts going around potting off the natives with a rifle, you know that he and we are in trouble. Meanwhile his wife Stephane Audran looks gaunt and mutinous and Isabelle Huppert fills thankless high heels as his mistress.

Tavernier culled this creaky tale from a novel by Jim Thompson (who penned the source-story for Peckinpah's *The Getaway*) and he has no idea what to do with it beyond long, vague trundlings through the burnished landscape with a Steadicam. The sense of place and time are both obdurately unconvincing; the climax is a flurry of carnage and confusion; and the whole thing is like a Tintin adventure that has slipped a disc and hops and hobbles around with much crankiness has philosophic pretension.

*

Murder most foul—indeed *two* murders most foul—precipitate the full chicanery of the law in the New Zealand film *Beyond Reasonable Doubt*. John Laine's film of a true 1970 *cause celebre* wherein crooked police-work framed and incarcerated an innocent neighbour for two deaths in a farming community, does not dazzle the eyes or curdle the cerebellum, as Fritz of the same name did with similar subjects: (in *Fury* and, just to confuse you, *Beyond A Reasonable Doubt*). But the story is gripping, and the contribution of media hysteria to wrongful indictment is strongly sketched.

*

Finally, *Road Games* and *An Eye for an Eye* currently ride the circuits in a curate's-egg double bill. In the second, Karate champion Chuck Norris aims all available parts of his body at a group of Eastern hoodlums led by Christopher Lee. Long and resistible. But *Road Games* is a bumpy and likeable Australian road thriller wherein Stacy Keach burns up the highway in pursuit of a rapist-killer who has seized his (Keach's hitch-hiker Jamie Lee Curtis. Richard Franklin directed, with grateful and fruitful nods to A. Hitchcock.

Wallace Shawn and André Gregory in "My dinner with André"

Chichester Festival Theatre

On the Rocks

by B. A. YOUNG

The action takes place in the Cabinet Room at No 10 Downing Street, where the Liberal Prime Minister of a national government is presented with tireless charm by Keith Michell. Desperately overworked, he is persuaded to go into a retreat with the complete works of Karl Marx. When he returns, he makes a speech at the Guildhall in which he proposes wholesale nationalisation, compulsory labour, the banning of strikes, and so on. This is the plot of Shaw's 1933 political comedy. What we see and hear is the discussion that leads to this proposal, and the far more extravagant discussions that follow.

The debaters in the first half are the Prime Minister, Sir Arthur Chavender, his family and his secretary, his Chief Commissioner of Police, and a four-strong delegation from the Isle of Cats. We can see at once that we are going to have a stageful of comics—a policeman called Broadfoot Bashem, a young cockney Alderman called Brollikins, two Chavender children veering far to the Left of their father. There are some routine Shavian observations about education, war, the family and the unemployed (of whom a crowd of noisy representatives is sporadically heard off stage). What keeps the comparatively unimportant argument interesting is the degree to which the affairs it deals with are duplicated today—vast unemployment, the promise of an upturn in trade, the wild behaviour of the young. Racial prejudice is reserved for the second act.

When the Prime Minister is left alone to prepare the speech on which he has been trying to concentrate all morning, he is faced by a grey, ghost-like figure of a woman who introduces herself as a messenger of death, but then explains that she is a doctor. This is one of those spare characters that Shaw tends to introduce without preparation; once Chavender agrees to go to her clinic, she disappears, through a wall, as she came in, and we sadly see no more of Jean Marsh.

Once the new political programme has been announced, the serious argument begins. The Foreign Secretary (Paul Hardwick), the First Lord (Lockwood West) and the President of the Board of Trade (Michael Sadler) join the PM and his police chief to put their several points. Then come a billionaire Indian (Frank Shelley) and a poverty-stricken Duke (Nigel Stock). When they have had their say, the delegation returns (but is kept by the director to a position half-way up the stalls).

Shaw is at his most mischievous in allotting to each person the reaction to this great reform that he is least expected to hold, with one exception, the solid Tory Foreign Secretary, who proposes to raise a force of fascists to combat the oppressive new powers to be given to the police. The Duke, for example, welcomes the nationalisation of land, for he can pay his debts from his compensation. The Labour voices from the Isle of Cats, on the other hand, oppose it just because there will be compensation.

This part of the play is really a series of solos, some of them, Nigel Stock's, for instance, played direct to the audience down stage. Whether you like it or not depends on how much you enjoy Shaw's diatribes. They are beautifully put over here but the guts lie less in the performance than in the argument. This tends to the improbability of so much late Shaw. The character ultimately picked out as the true oracle is an Isle of Cats delegate called Hipney, splendidly played by Arthur English, and his advice is to forget about democracy altogether, forget about the votes, live under a benevolent dictator.

The little sub-plot about the marriage arrangements of the children is rather a bore, and certainly delays the finish too long. But it enables us to see a little more of Cheryl Kennedy as the cockney Alderwoman and Mark Wynter as the Left-wing Viscount, who are rather nice.

The joint directors, Jack Emery and Patrick Garland, have been seduced by the power of the political coincidences between 1933 and 1982 into playing the piece as if it occurred today. To my mind this kills the interest in the coincidences altogether; if the 1982 situation is shown as taking place in 1982, there is no extra interest. Some small changes have had to be made; the doctor's charges are ten times what they are in Shaw's script, for instance. One more change needs making. After the singularly trenchant line, "Do you think our warships are of any use now?" there is a reference to Geneva. Surely this must become the United Nations.

Keith Michell

Wigmore Hall

Végh/Schiff

by MAX LOPPERT

The great Beethoven journeys, in the terrain of solo and chamber music, are those made through the complete piano sonatas and string quartets; but a traversal of the cello-and-piano sonatas, inevitably circumscribed by their reduced number, is in short form a similar kind of pilgrimage. By these canons, the usual three-concert cycle of the sonatas for violin and piano must prove a substantially less considerable undertaking for both players and audience—the whole of Beethoven, particularly in his ethereal late transformation, is no more than marginally suggested—yet a new series always offers a rewarding prospect. The latest London explorers are the veteran Hungarian Sándor Végh and his very youthful compatriot András Schiff, who set off on Wednesday. (The remaining concerts follow on Saturday and Monday.)

In the case of this cycle, the promise of rewards seemed to be made not just by the music, but by an encounter with a partnership so striking in its combination—the violinist a figure of near-legendary status after a long career as soloist, leader of the Végh Quartet, and teacher; the pianist a youth of sparkling musical cultivation and wide-ranging tastes. A large audience had been drawn to this opening concert: did they suffer, I wonder, my own difficulties in responding to a first half occupied by the three Opus 12 sonatas—a first half of string-playing in which tonal debilitation and intonational unreliability were the characterising features from bar to bar, in which at any moment the violin threatened (though the threat was never quite realised) to slide off the rails completely, and in which the wit and fine grooming of the pianist acted as unintentional spotlight upon the vagaries of his partner?

I struggled manfully to "hear through" the actuality of the violin playing to its noble intention: but found, in both the youthful sallies of subject and style and the quiet middle-movement confidences of manner, the opportunity to do so no more than fleetingly given. (The quiet concords of the Op. 12 No. 2 Andante gathered their own momentum that was sustained almost to the close.) In the second half, taken up with the C minor Sonata, Op. 30 No. 2, the outline of the first two movements was similarly elusive; then, when all hope seemed past, and a vision of Beethoven's violin-and-piano partnership other than clouded impossible to attain, the *scherzo* suddenly took heart, and in the finale the cumulative drama of the piece was urged to a conclusion by statements and interchanges mutually fledged and forged. If this is the form Végh and Schiff can strike in the remaining recitals, then the cycle will not, after all, have been one appealing mainly to the ear of faith.

Ballet premiere postponed

The Royal Opera House and the Aldeburgh Festival have announced that the British premiere by Sadler's Wells Royal Ballet of Hans van Manen's ballet *5 Tangos* has been postponed and will not now take place at the Maltings on June 22. This first performance has had to be delayed until the Sadler's Well Theatre season next autumn.

5 Tangos will be replaced by Kenneth MacMillan's latest work *Quartet* which has had only one previous public performance, at a Royal Gala in Bristol.

French flavour for Proms

There will be a distinct French flavour to this year's Proms. They will open on July 16 with a performance of the first part of Berlioz's opera *The Trojans*, which will be completed on July 18. During the season there will be an evening devoted to the troubador music of the period 1200-1400 (September 8), and another, coming up to date, with the first British performance of Répons by Boulez, conducted by the composer and performed in the Royal Horticultural Hall on September 6 with the audience seated on cushions.

The French flavour will surface again at the last night of the Proms where there will be French bonbons among the traditionally British party pieces. The cast of the Trojans will include Jessye Norman, Felicity Palmer and Richard Cassily, and there will be financial incentives to attend both parts, even though ticket prices will be above the usual rates for the Proms.

Although prices have been increased this year it will still be posible to attend 57 concerts for just £27 if you are prepared to listen in the Albert Hall Gods. Individual promenade concerts will cost £1.10, but, through a joint promotion with British Rail and London Transport, there are savings by buying joint travel and admission tickets. Full details will be found in the Proms prospectus which costs £1 and also contains a ballot form for tickets for the last night of the Proms on September 11.

As well as the French connection there will be five BBC commissions, the first performances of works by Hugh Wood, Nigel Osborne, Richard Rodney Bennett, Roger Smalley and Naresh Sohal, as well as the première or Iain Hamilton's Symphony No 3.

Another highlight will be the last opera performance of Dame Janet Baker who is appearing on August 11 in Gluck's *Orfeo* and the last Friday of the season offers a break with tradition — Beethoven's *Missa Solemnis* conducted by Sir George Solti rather than the traditional *Choral Symphony*.

Every Prom will be broadcast on Radio 3, the Thursday Proms will also go out on Radio 4, and nine will get television coverage. As usual this is a major investment by the BBC: the Proms this year will cost almost £1m to mount. An interesting conflict of views on the enterprise is published in this week's issue of "The Listener," where the article commissioned, but not used, from Kingsley Amis for the Proms programme, which criticises 20th century music, is set against a reply by Robert Ponsonby, controller of music at the BBC.

Warehouse stays open

The RSC will have a new studio theatre in the Barbican, but the Warehouse, where they presented new plays and small-scale classical revivals in tandem with the Aldwych repertoire, is to stay open as a theatre.

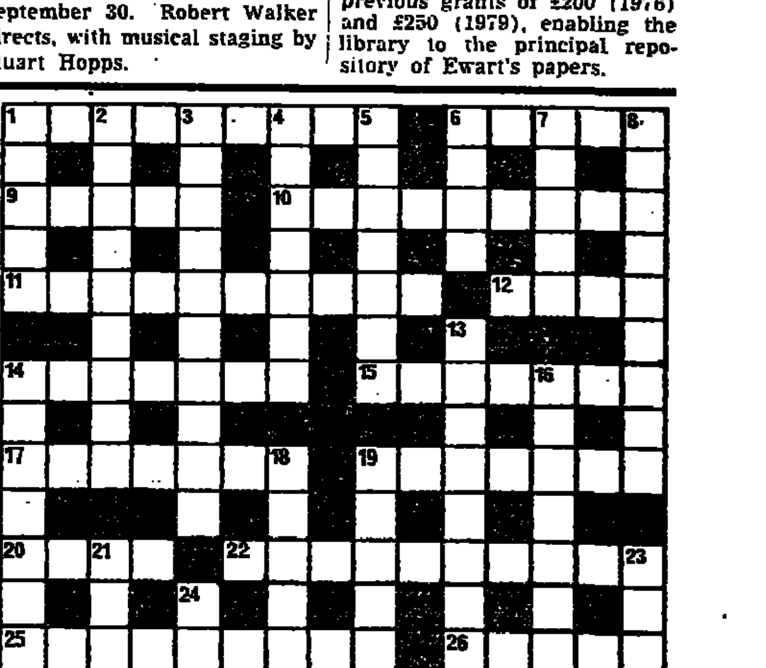
A non-profit company has been set up by Ian Albery, who owns the theatre, to present an unsubsidised fringe theatre programme. The season opens on June 1 with *Aunt Mary*, a new play by Pam Gems to be directed by Robert Walker, with Robert Stephens in the cast. Then, on August 10, Jonathan Miller will direct *Hamlet*, his first theatre production in this country for four years. Anton Lesser is to play Hamlet.

Finally, *Destry Rides Again*, a musical based on the 1939 film starring James Stewart and Marlene Dietrich, will open on September 30. Robert Walker directs, with musical staging by Stuart Hopps.

Arts Council assists manuscript purchase

The Arts Council has approved a grant of £500 to The Brynmor Jones Library at the University of Hull towards the cost of purchasing manuscript material by the poet, Gavin Ewart. The grant represents half the total purchase price of £1,000 and follows two previous grants of £200 (1976) and £250 (1979), enabling the library to the principal repository of Ewart's papers.

F.T. CROSSWORD PUZZLE No. 4,865



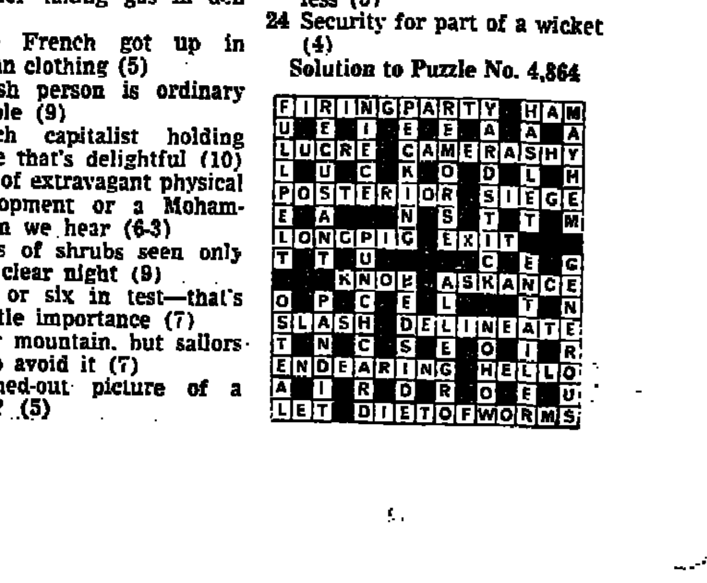
ACROSS

1 A defect that miners may encounter and dancers may make (4-5)
6 Flower that means destiny to you and me (5)
9 Type of plastic pole in curb . . . (5)
10 . . . and kidnap the same, it should help the actor to keep his hair on (6-3)
11 Initiative needed to go in and force open (10)
12 I perform with learner an object of love (4)
14 Airman left in deep mud? It's a wonder! (7)
15 Aquatic carnivore and insect produce something that stops a leak (7)
17 Think it could be questionable (7)
19 A game with four dice having close interaction (2-3-2)
20 Behold ship that's a write-off (4)
22 Niggard I bind with rope in a relaxation of monastic rule (10)
25 Fat fish found in mercantile fleet (9)
26 Miner, subject to disturbance, is unarmed (5)
27 Cactus giving name to stone (5)
28 Fabulous writer of traditional stories (9)

DOWN

1 Minister to wait upon (5)
2 Simple definitions? Never, never! (4, 5)
3 Burrowing insect or one who supports that which is fair and sporting (3-7)
4 Increases desire in rising flood (7)
5 Stumble upon little sister shampooing (7)
6 Learner taking gas in den (4)
7 Some French got up in Roman clothing (5)
8 Foolish person is ordinary to Pole (9)
13 French capitalist holding notice that's delightful (10)
14 Male of extravagant physical development or a Mohammedan we hear (6-3)
16 Genus of shrubs seen only on a clear night (9)
18 Four or six in test—that's of little importance (7)
19 Sugar mountain, but sailors try to avoid it (7)
21 Punched-out picture of a fight? (5)
23 Man of straw who is speechless (5)
24 Security for part of a wicket (4)

Solution to Puzzle No. 4,864



FINANCIAL TIMES

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Friday May 7 1982

A meeting of two Africas

When President Kaunda of Zambia met Mr John Vorster, the then South African Prime Minister, in a train on the Victoria Falls railway bridge in 1975, the meeting was an important step in a process which led to big changes in southern Africa—ultimately the settlement in Zimbabwe.

Last week's affair, when Dr Kaunda met Mr Vorster's successor, Mr P. W. Botha, at a table straddling the border between Botswana and South Africa, promised much less.

Dissent

Cynics would argue that both men had much to gain in domestic political terms from the encounter. Dr Kaunda dearly needs external issues on which to focus the attention of his electorate, at a time of acute economic recession and growing political dissent. Mr Botha is just emerging from a bloody split within his own ruling National Party and similarly needs the stature to be gained by an exercise in statesmanship, to distance himself from the infighting.

However, neither leader was in a position, or even particularly inclined, to make any dramatic concessions on the substantive issues under discussion: the efforts to promote a settlement in Namibia, the deterioration in relations between the black states of southern Africa and the white-ruled South, and South Africa's internal racial policies.

Yet it is just because of the very gloomy state of relations between the black states and South Africa that any encounter, however apparently sterile, should be welcomed.

Progress towards a settlement in Namibia is practically at a standstill. The Western contact group, consisting of Britain, Canada, France, the U.S. and West Germany, which has now been pursuing an acceptable formula for the territory to win independence from South Africa for more than four years, has gone to some lengths to accommodate Mr Bootha's suspicions about the settlement plan. As a result, support from the frontline states of black Africa, including Zambia, has dwindled, and the latest Western proposal for voting procedures has this week been vetoed by Swapo, the principal nationalist movement in the territory.

Dr Kaunda does not have much influence with Swapo—far more important is the Marxist government in Angola. Mr Botha, for his part, was hardly likely to make concessions at home or on Namibia when he already faces a major right-wing revolt within South Africa.

As for relations in southern Africa as a whole, they have deteriorated since the independence of Zimbabwe two years ago.

Virtually all the front-line states are convinced that the South African Government is actively involved in 'destabilisation,' including material support for the sabotage operations of dissident groups. For its part, Pretoria is resentful and suspicious of the Southern Africa Development Co-ordination Conference (SADCC), by which the black states are seeking to reduce their economic dependence on their wealthy neighbour. It also accuses them of harbouring anti-South African guerrillas.

The talks will have given Dr Kaunda an opportunity to argue that Mr Botha should not feel threatened by his neighbours. These countries are still overwhelmingly dependent on South Africa (now Zambia's second largest supplier, and the conduit for a third of its exports and 45 per cent of imports).

Detente

Mr Botha was prepared to talk about South Africa's domestic policies—in itself a concession which has been attacked by his critics at home—and chose to outline how he saw his cautious reforms progressing.

Apart from that opportunity to prove his god faith, Mr Botha knows that his willingness to talk will be well construed in Washington and the West. But he must also be aware that Dr Kaunda now needs some gesture from him to answer those African leaders, like Tanzania's Dr Nyerere, who disagreed that the time was right for talks.

The whole exercise cannot be compared with Mr Vorster's detente initiative of the 1970s. But even if the achievements prove modest in the extreme, the slightest move towards reconciliation of opposing views in southern Africa will help the long-term prospect of stabilty.

The challenge to Britain's ports

DOCKERS' DELEGATES in the Transport and General Workers' Union would be well advised to agree tomorrow to accept their committee's recommendation and call off the national strike threatened to begin on Monday. Although some ports claim to see signs of a recovery, the industry remains in poor financial shape. For them, for the economy as a whole, and for dockers' job prospects, a strike would be disastrous.

The threat of it would only be deferred, however. The union wants over 80 ports, employing some 6,000 dockers, brought into the 1967 national dock labour scheme. The Government has given them only a glimmer of hope that this can be achieved: it has agreed to discuss specific union proposals for the inclusion of a single port, which the TGWU would consider to be a first step.

Resistance

The union will have difficulty in finding a port where employers would not resist such a move, and a stoppage may well be called again if the Government turns down the union's proposals. It would be the first national dock strike since 1972.

There is no case for saddling unregistered ports—including some highly successful ones, like Felixstowe—with a rigid, expensive, over-bureaucratic scheme which can act as a disincentive to efficiency. The sad thing, however, is that the industry is in danger of throwing away an opportunity to modernise the scheme in such a way as might make it less objectionable to the ports industry as a whole.

The opportunity arises because the massive redundancies which have cut the registered workforce from 57,000 in 1967 to 18,000 today, and which have been the source of aggravation, may be nearing their end.

Although some employers believe the registered workforce may come down as far as 10,000, the National Association of Port Employers feels it may stabilise at about 14,000 by end-1984. The Government has provided a cleverly-constructed debt write-off and rescheduling for the industry's severance scheme to achieve this.

Dockers are understandably resentful of attacks on their unique employment arrangements. The statutory scheme gives them joint regulation of the workforce with employers. The voluntary pact which ended the 1972 strike virtually rules out compulsory redundancy. It requires that if a company closes, other employers in the same port must take on its registered workers.

Redundancy

These arrangements have acted as a drag on the job-shedding made necessary by containerisation and other cargo-handling developments, and hindered the removal of labour surpluses which have in turn impaired productivity improvements. They have also made redundancy terms very expensive.

Most employers realise, however, that the balance of power in the docks makes it impossible to "break" the scheme completely. The dockers must be persuaded that it is possible to thrash out a more flexible employment regime, while retaining much of their special protection.

There are many ways it could be done. Series consideration should be given to moving from statutory to voluntary joint regulation, perhaps by using the industry's existing national joint council and port committees.

The aim must be to end battles of national principle, and allow employers and employees in individual ports to concentrate on improving profitability and productivity.

Unrealistic

Dockers expressed opposition to moving towards voluntary regulation during recent talks in a working party of the nationl joint council. Instead they asked for a joint approach to Government—not accepted by employers—seeking implementation of the Dock Work Regulation Act 1976, to open up inland freight-handling jobs, as well as bringing in non-scheme ports.

No wthe focus has shifted solely to the non-scheme ports, but neither the union demand is realistic in its present form. The TGWU should garee to further tlaks on modernising the scheme. Neither union nor employers can turn the clock back; the chalelnge is to adapt the principle of join regulation to today's changed economic conditions and work together for a more successful industry.

SYNTHETIC FUELS

The oil shock no-one foresaw

By Ray Dafter, Energy Editor

SOME OF the world's most ambitious engineering projects are collapsing. Multi-billion dollar schemes to provide fresh oil supplies in the late 1980s and beyond have been made as vulnerable as sandcastles at low tide by unprecedented changes in energy demand.

Exxon has just announced that it is abandoning its $5bn (£2.8bn) Colony shale oil project in Colorado, recognised in the U.S. as a trailblazer for synthetic fuel production. A week ago the C$13bn (£6bn) Canadian Alsands tar sands proposals were shelved following the withdrawal of a number of oil industry partners, including Shell and Gulf.

They were not the first victims of the new energy climate—an apparent surfeit of fuel, falling oil prices and a more conservative view of future energy growth.

Cancellation or deferral has hit numerous other projects to produce synthetic fuels—a phrase describing a variety of unconventional processes to create oil or gas from coal, lignite, shale and deposits of very heavy oil.

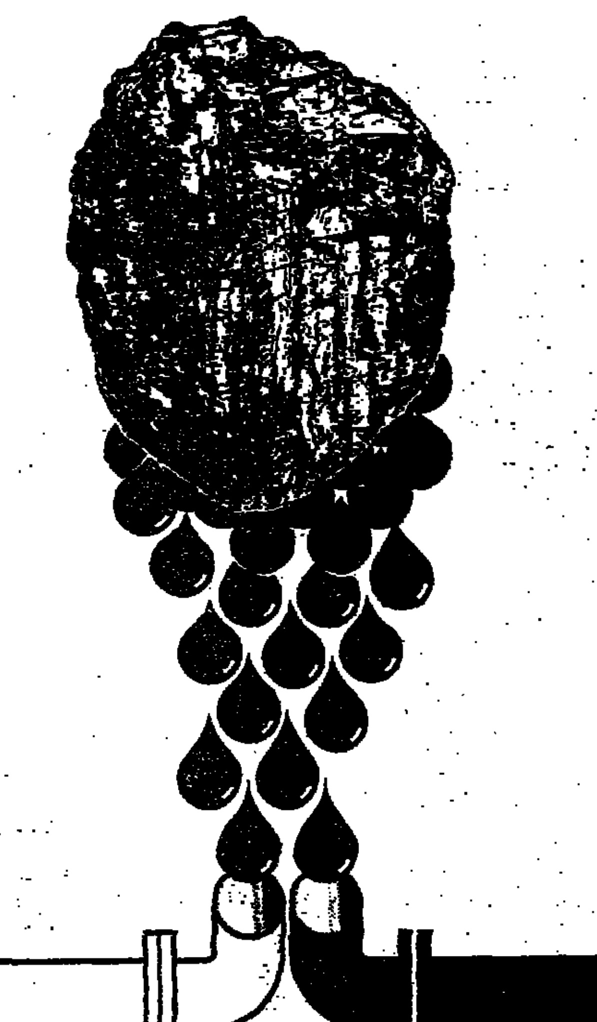
The change in the environment for synthetic fuels has been extraordinarily rapid. It was only a matter of a few months ago that oil companies were talking about a rapid development of major projects, spurred on by the prospect of oil prices rising by 2 or 3 per cent a year in real terms over the late 1980s and 1990s.

Even the National Coal Board's comparatively modest proposal to demonstrate oil-from-coal technology seems doomed following the withdrawal on Wednesday of British Petroleum, one of the key equity partners. The £55m project would provide the NCB with a 25 tonnes a day pilot plant at the Point of Ayr in North Wales.

The plant has been designed to test the NCB's liquid solvent extraction process, technology which enables coal to be "cooked in its own juices" and turn into petrol, diesel fuel and kerosene.

Oil from coal. Only a year ago it seemed that at last it could be made to pay. But the boom in synthetic fuels has come to a dramatic end. Falling oil prices—and the oil glut — have led companies to scrap huge projects worth billions of dollars.

Synthetic fuels will still be needed at some point in the future. But for now the energy industry has to find ways of cutting the costs of the new processes and overcoming some of their environmental and technical problems.



Even the oil industry is beginning to hold back exploration and development work while it reassesses the future trend of demand and prices. In the North Sea several field development projects, earmarked to cost a total of over £3.5bn, have been shelved because of pricing uncertainties, taxation constraints and technological problems.

In the U.S., still the centre of oil industry activity, the rate of oil and gas drilling is falling. Latest estimates from Hughes Tool Company suggest that the average number of active rigs this year could be around 3,800, some 4.3 per cent less than in 1981. Only five months ago Hughes was projecting that the U.S. oil and gas industry would need an average of 4,500 rigs this year.

According to Mr John Lichtblau, president of the New York-based Petroleum Industry Research Foundation, the world is experiencing another "oil shock." But unlike the traumatic events in 1973-74, and 1979-80 it is the oil producers rather than the consumers who are feeling the pain.

The present shock to the energy system comes from the unprecedented drop in oil demand. Mr Lichtblau points out that as a result of the first crisis in the early 1970s non-communist world oil production dropped by 9 per cent before resuming its upward climb. The world's response to the 1979/80 crisis had resulted in a much more dramatic decline in demand. World oil production, outside the Soviet bloc and China, could be down to about 43m barrels a day this year, 16.5 per cent below the peak in 1979.

There are many oil industry planners who believe that as a result of sluggish economic activity and energy conservation it may be eight years or more before oil demand is restored to the 1979 level.

This means that for much of the 1980s some producers—particularly those in the Organisation of Petroleum Exporting Countries—will have to content themselves with a substantial amount of shut-in capacity. Opec's average output in the first quarter was about 20m barrels a day, two-thirds of its capacity.

One of the first priorities of the energy industry is to reduce the production cost of synthetic fuels. Shell and other oil companies reckon it costs between $17 and $45 a barrel to produce liquids from oil sands or shale. The conversion of coal into a liquid fuel is even more expensive—between $50 and $75 a barrel. And these figures take no account of taxation or costs associated with refining, storage and distribution.

Few energy planners expect crude oil prices (now between $30 and $35 a barrel) to rise appreciably in real terms over the next 20 years. The International Energy Agency has developed two new scenarios for the oil industry. One of these would involve oil prices falling to about $28 a barrel, in 1981 dollars, by the mid-1980s and remaining at that level in real terms until the turn of the century. The other view, regarded in the agency as being more realistic, would involve prices dropping to $29 a barrel in 1985 and then rising to around $45 (in 1981 dollars) by AD 2000.

Last year the agency was projecting synthetic fuels could contribute between 4m and 8m barrels a day towards the West's energy supplies by AD 2000. Those estimates are now recognised as being unrealistic.

But the agency takes the view that synthetics will play an important role in meeting the world's requirements for liquid and gaseous fuels from early in the next century. The need could come sooner if demand for oil grows at an unexpectedly rapid rate, or, perhaps more likely, some political or military event seriously restricts supplies of conventional oil.

In the meantime the energy industry welcomes the breathing space. It was growing increasingly concerned that it was rushing into major synthetic fuel projects with insufficient knowledge of the economic, environmental and technological problems.

The U.S.: deferrals, delays and withdrawals

EXXON is not the first major U.S. oil company nor the last to have had second thoughts about pumping millions of dollars in oil shale or other synthetic fuels projects. Even the U.S. Government, together with the Japanese and the West Germans, last summer scrapped a $1.5bn coal liquefaction project in West Virginia. And Occidental Petroleum, Standard Oil of California, Gulf Oil, Standard Indiana, Conoco, Cities Services and a host of other companies have announced deferrals, delays or outright withdrawals from synfuel ventures.

But when Exxon, the world's largest company in terms of revenue, decides to scrap a project of the scale of its $5bn Colony oil shale venture in Colorado — as it did this week — the move sounds very like a requiem for the American synfuels business.

Yet it is barely two years since former President Jimmy Carter announced with great fanfare a $88bn Federal programme to create as swiftly as possibly the world's biggest synfuels industry.

Mr Morton Winston, chairman of Tosco, the disappointed partner in Exxon's Colony project, warned this week that the discontinuance of Colony was a grave setback to hopes of a commercially viable synfuels industry. But Exxon's move, in retrospect, was not altogether surprising, despite the shock it has caused.

Three major factors had been working for some time against U.S. synfuels. The international oil glut, falling demand and falling prices have been squeezing even the mightiest oil company. Exxon's announcement a few days after scrapping the Colony project that it was returning to the debt market for the first time since 1976 underlines the extent of this squeeze.

Exxon, together with other oil majors such as Mobil and Texaco recently reported poor first quarter earnings. Some were down by as much as 22.5 per cent.

The second factor has been the fast rising construction costs of the synthetic fuel projects at a time of continuing high interest rates. Although Tosco has revised its cost estimates for Colony from $3.1bn in 1980 to $3.7bn, Exxon claims it would now cost between $5bn and $6bn to complete the scheme, designed to produce the equivalent of 50,000 barrels of oil a day from shale.

The third factor has been the drastically different approach which the Reagan Administration has adopted to energy policy, especially to synfuels. Unlike the Carter Administration the Reagan philosophy has been to leave energy development largely to the private sector and to market forces. Although it has left in place the Synthetic Fuels Corporation, the Government agency set up by President Carter to supervise with the Department of Energy the financing and development of the synfuels industry, the corporation's goals have been greatly altered. As Mr Edward Noble, the chairman of the Synfuels Corporation Board appointed by President Reagan, put it: "We are trying to pick competitive projects but we are not interested simply in numbers."

The synthetic fuels legislation and its goals approved by Congress two years ago have, on paper at least, not changed. The legislation enabled the setting up of the Synthetic Fuels Corporation to grant, among other thongs, financial backing in the form of Federal loan or price guarantees (or both) for up to $20bn to 1984. Subsequently it would be able to grant, after congressional review, a further $68bn in Federal support. The idea was to set up an industry which would be producing 500,000 barrels a day of oil from synthetic fuels by 1987 and 2m barrels a day (or nearly half the current U.S. oil imports) by 1992.

Nobody expects these dollar and oil barrel targets to be met. Not only the Reagan Administration, but the oil industry in general now perceives that conventional oil will remain in greater supply for many more years to come than forecast only two years ago.

Although Mr Noble of the Synthetic Fuels Corporation abides by the Reagan energy philosophy of "if the private sector doesn't want it, why should the Government want it," he says he was sorry to see the Colony project go. But he claims Exxon's decision is by no means the end of the U.S. synthetic fuels industry. Union Oil is pressing ahead with its $2bn shale project in Colorado.

Mr Noble, who points out that 90 per cent of the country's fossil resources are oil shale, coal and tar sands, says that what the corporation is now trying to promote is the development of the necessary infrastructure, technology, manufacturing know-how and qualified people so that when the time finally comes for synfuels the pieces will be in place to exploit it. "The time to fix the roof is when the sun shines," he said.

Paul Betts in New York

COMPARATIVE ENERGY COSTS*

	Technical production cost ($ per barrel)†
North Sea oil (existing fields)	5.7-22.8
Liquids from oil sands/shale (N. America)	17.1-45.5
Indigenous coal (U.S.)	4.5- 9.1
Liquefied natural gas imports (Europe, Japan, U.S.)	28.5-45.5
Synthetic natural gas from indigenous coal (U.S.)	39.8-62.6
Liquids from imported coal (N.W. Europe)	51.2-74.0

*In February 1982 $; converted from 1980 dollars on the basis of a 13.8% increase in the U.S. capital price index between July 1980 and February 1982.
†Per barrel of oil equivalent on a thermal basis.
Source: Shell and industry estimates.

Men & Matters

Last stand?

Life can be as tough for former prime ministers as for the sitting tenant. Poor James Callaghan, aged 70, was complaining yesterday that he yet may have to ring down the curtain on his distinguished career by applying for redundancy money.

His wry humour was provoked by publication of the new Boundary Commission proposals for the County of South Glamorgan which embraces five Parliamentary seats including Callaghan's beloved Cardiff South East which he has represented since 1950

The proposed new boundaries for his seat would take in large Tory districts and would carve up a traditional Labour stronghold in Cardiff. The re-jigged seat would be known as Cardiff South and Penarth, and the changed pattern of voting affiliations could be quite sufficient to re-organise the elder stateman right out of Parliament.

A year ago the Boundary Commission made a provisional recommendation for South Glamorgan which would have returned Callaghan's seat to its old designation of Cardiff South and given him a sporting chance of re-election.

Bank draft

Johannes Witteveen, former managing director of the International Monetary Fund, seems to have made the transition from globe-trotting civil servant to the commercial banking sector with no loss of his smooth-talking diplomatic skills.

In London yesterday to present a report on currencies by the New York-based Group of 30 monetary gurus, Witteveen, now an adviser to the Amsterdam-Rotterdam Bank as well as chairman of the Group, carefully avoided sticking his neck out on the subject of foreign exchange fluctuations.

Although large chunks of the report were devoted to criticisms of the U.S. government's refusal to intervene on the currency markets, Witteveen resolutely avoided saying anything that might unduly upset the Americans.

The impact of the report's other principal recommendations — that the Americans should make more efforts to cut their budget deficit—was lost in the unusual lavishness of the surroundings.

The site for Witteveen's Press conference was Amro's grandiose London office — a prime site off Moorgate most of which is taken up by an ornately useless courtyard and a Kew Gardens-like luxuriance of potted plants.

Witteveen sai dThe Gorup—made up of active and retired central bankers, economists and industrialists—would be discussing with U.S. officials how to control the dollar at the forthcoming round of international monetary meetings.

What would be the reaction of Beryl Sprinkel, the U.S. Treasury's truculently non-interventionist under-secretary.

The strongly monetarist views of the pipe-smoking, back-slapping Sprinkel—who by chance is also visiting London at the moment—are a regular source of anguish for the more delicate breed of European central bankers.

Perhaps with the thought of a possible chance encounter in Piccadilly, Witteveen parried the question with diplomatic finesse—saying he would prefer to leave the answer to the assembled journalists' imagination.

Spiritual drive

Two. Kings 9: 20, it said on the rear bumper of a green sports car seen on the M6 near Birmingham. If you can remember the text long enough to look it up it makes for a good delayed-action conscience-pricker:

"And the driving is like the driving of Jehu the son of Nimshi; for he driveth furiously."

The original Hebrew may have been even more apposite to motorway driving. "Furiously" turns out to be a free translation of "in madness."

Miner role

So Arthur Scargill's triumphant arrival in London, the boy from Barnsley who has taken the nation by storm to become a prince among power-brokers as the new president of the National Union of Miners, is to be recorded for posterity in a film paid for by his proud pitmen. They will call the epic with simple dignity The Appointment.

Well . . . not quite. Yes, the miners are putting up £650,000 to back a film called The Appointment through one of their pension fund arms called CIN Industrial Finance.

The film is being made at Pinewood by First Principle Film Productions and will be released in July. But it is a psychological thriller starring Edward Woodward and Jane Merrow.

We will have to wait a little longer for The Arthur Scargill Story—Now It Can Be Told to reach the Roxy.

Mint value

Despite our experience with the pound, not all money loses its value with time, of course.

In the early 1900s, American brewer Virgil Brand spent about $3m amassing a collection of coins which, by the time of his death in 1926, was probably second only to that of the British Museum's. Brand kept the coins, packed in cigar boxes and leather satchels, hidden behind books in his apartment over the Chicago brewery.

The Smithsonian Institution declined to buy the collection for a suggested $5m in 1929, and more than half of the coins were gradually sold by Brand's brothers during the next few years.

But Brand's niece, it has recently been discovered, held on to her share. Still in their cigar boxes, the coins have been kept in three New York bank vaults for almost 40 years.

Now unearthed by her executors, sales of the coins will keep Sotheby's busy for the next two years.

The first sale of 379 coins, estimated to be worth £1m, will be held—where else?—in Zurich on July 1. Coins on offer there will include a gold medallion of Galerius Maximian, struck to commemorate the reconquest of Britain in AD 296 and now worth up to £80,000, and an aureus of Mark Anthony, minted to pay the legions at Actium and now valued at £15,000.

Sotheby's reckons that the whole collection—a fraction of Brand's original accumulation—will fetch in the region of £5m.

Test drill

An extract from the Oxford University Gazette: "The examiners appointed by the Board of the Faculty of Social Studies give notive that M. A. E. Forrest, Nuffield College, having submitted a thesis on 'The bureaucratization of the dental health services in Britain: a study of the interaction between the Government and the dental profession and the effect this has had on the provision of dental care under the National Health Service', will be orally examined on Thursday . . ."

Observer

POLITICS TODAY

It's still only Act III

By Malcolm Rutherford

WE ARE now in Act III. Battle has been joined, lives have been lost and nobody knows what will happen next.

Act I was the Argentinian invasion. Act II was the despatch of the British task force. Act IV will be about the attempted resumption of diplomacy and, possibly, renewed conflict: the forces of peace balanced against the forces of war. Act V will be the denouement, though Act V can have many Scenes.

Late in Act III diplomacy is again paramount. The British position has both softened and become more coherent. The trend was already detectable in the speech of Mr Francis Pym, the Foreign Secretary, to the House of Commons last Thursday when he said: "It goes without saying that there must be an immediate withdrawal of all Argentine forces.... Of course, the necessary time for that must be allowed. We for our part would be prepared to move British forces in parallel."

After the military action of the past few days—the sinking of Argentina's General Belgrano and the loss of HMS Sheffield—the trend has become even clearer. The British position has been clarified to one of securing Argentine withdrawal, the only precondition being that there can be no immediate transfer of exclusive sovereignty to Buenos Aires.

Virtually any available intermediary will be used: Mr Alexander Haig, the U.S. Secretary of State, President Belaunde Terry of Peru, Sr Perez de Cuellar, the United Nations Secretary-General, perhaps even Spain.

All that is quite different from the days when the British Government (or part of it) was insisting on the right to self-determination and the paramountcy of the wishes of the Falkland Islanders, was pooh-poohing the UN as a mediator and probably regarded Peru as something close to a banana republic.

Yet there is still a problem of time. If the reversion to diplomacy does not come to fruition in a few days, we can expect further military activity.

Mr James Callaghan, the former Prime Minister, has recently made the running as a lay military strategist. In the Commons debate last Thursday he drew a distinction between a blockading force and an assault force. Britain had the capability for both and he went on to recommend reliance on the former.

"We must be ready," he said, "to settle into a long blockade, if necessary for months, to undermine the morale of the garrison on the islands. We should prevent the islands from being reinforced and make the Argentine forces realise that they are beset, beleaguered, that they have no hope of rescue and no hope of return. It is completly different from launching a frontal assault."

Thus Mr Callaghan laid down the lines of a lot of the past week's discussions. The military option was a choice between blackade and assault or, to put it in other words, between attrition and invasion.

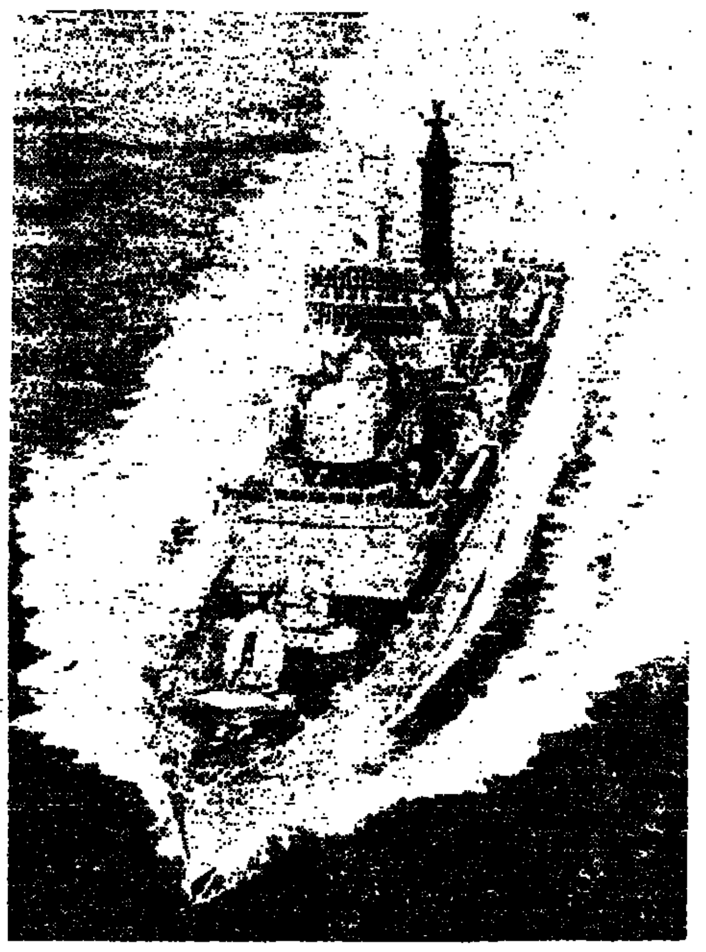
It seems to me that he over-simplified. There is a third or middle way that lies between the rigours of keeping the fleet at sea for months on end and the risk of lives of frontal assault. It consists of landings. Why should assault be frontal? It should be perfectly possible to land forces on the islands at places where the chances of their being much opposed should be minimal. There need be no immediate military engagements of any size, especially if the landings took place at several places more or less simultaneously. Meanwhile the blockade, which cuts Argentina off from the islands, would continue.

Such a strategy would have the advantage of putting the soldiers on dry land, of maintaining the war of attrition while further tightening the screw on the Argentine forces in the Falklands and, above all, of allowing time for a further attempt at mediation.

It is the strategy that I hope the Government will adopt if the present round of diplomacy fails.

Still, that is for Act IV. The first three Acts have already provided us with a lot to ponder for some time to come. Here are a few random reflections on what has happened so far.

The first is the need for a better international order. Mr Callaghan noted in the speech quoted above the way people had gone scurrying back to the Charter of the United Nations as they had not done for years. Some people had perhaps never read it before. It is a very good Charter.



HMS Sheffield—Britain's first major casualty

The trouble is that a kind of parochialism has developed in which it is assumed that, however good the Charter, the UN does not work partly because it is thought to be dominated by a third world basically hostile to the West and partly because the very idea of an international order is thought to be too ambitious for our time. It is odd that that should be the view in 1982, when it was not after the Second World War.

The Charter offers solutions to the Falklands problem, such as UN trusteeship, which, as Mr Pym has now acknowledged, may be the most suitable outcome.

There is, in passing, an anachronism. If the UN were being founded today, it is not obvious that the five permanent members—with the right to veto resolutions—would be Britain, France, China, the United States and the Soviet Union. Britain and France are pretty lucky to be there. There might reasonably be claims to such status from Japan, India, Brazil or West Germany. One way of reforming permanent membership of the Security Council might be to do it on a regional basis. The European Community, for example, might be a single member.

Since these are random reflections, it is also worth noting the way modern weaponry breeds a certain equality even among militarily unequal powers. It is Argentina that so far has scored the most spectacular military success by hitting the Sheffield with the French Exocet missile, a weapon that we now learn is pretty well invincible when used in the appropriate circumstances.

Argentina's armoury is interesting in itself. A large number of the weapons are British or French: some West German submarines have not yet been delivered. It is quite possible that the same types of British equipment could be ranged against each other. What is the British or West European policy about arms sales or transfers? Perhaps it should be looked at again in the context of seeking a better international order.

There is also the question of the place of Latin America within that order. Latin America is not on the whole full of Nazi-style dictatorships. It is much too Latin and easy-going for that.

It was Mrs Jeane Kirkpatrick, now the much-abused U.S. Ambassador to the UN, who in a famous article in *Commentary* first coined the phrase "moderately repressive authoritarian Governments (MRAGs). The terms is quite accurate. It applies particularly to much of Latin America. The countries are not democratic like Western Europe or the U.S., but they have some Western traditions and some Western-style aspirations.

The question is what attitude Western Europe and the U.S. should take to them. President Carter sought to adjust American policy on the basis of a country's performance on human rights. President Reagan has tended to choose the different measure of how far it is anti-Communist: hence the American effort to woo President Galtieri's Argentina, at least until the Falklands crisis.

Britain's attitude has been rather more commercial. Argentina was considered to be perfectably respectable and was allowed, even encouraged, to buy British arms until the invasion took place. Yet if Western Europe and the U.S. really do form an alliance, and the European Community is a real Community, ought not policies to third parties to be more co-ordinated? Latin America, one would have thought, is worth cultivating.

Again at random: some of the reactions of other countries to the Falklands dispute have been indicative of similar disputes beneath the surface. One of Britain's strongest supporters in the European Community on this issue has been Greece, obviously with Turkey and the Aegean in mind.

In Latin America, one of Britain's strongest critics has been Venezuela, the most democratic country on the sub-continent. Clearly it is mindful of its own claim on part of Guyana. Guyana, in turn, was—unusually — one of Britain's earliest supporters from within the Commonwealth.

Plainly territorial disputes are not a thing of the past. That again reinforces the case for a better international order and the need to establish a peaceful means of settlement preferably before, but also after, aggression takes place.

Back to the House of Commons. A number of people have said to me, having listened to the live transmissions of the debates, that Parliament is at it again all yah-boos and shouting at each other. All I can say, having watched the debates from the gallery, is that they have been by and large civilised.

There is something about radio broadcasting that distorts the reality. The case for the televising of Parliament has never been stronger.

Mr Pym has done very well. It turns out to be much better to have the Foreign Secretary in the House of Commons, especially in times of trouble. Mr Denis Healey and Dr David Owen have done well too. So, in my book, has Mr Michael Foot. But, as I say, there are still two Acts to go.

The MORI poll in the *Economist* today shows the first decline in support for Mrs Thatcher since the crisis began. The Conservative rating is down to 38 per cent from 43 per cent a week ago. The bloodshed has had an effect. Whereas 81 per cent of those polled supported the cratering of the airport at Port Stanley, only 46 per cent approved of the sinking of the General Belgrano.

Lombard

War images and real life

By David Marsh

THE PARTY is over. The killing—with weapons that come from long-range, and unseen—has begun.

This might at least dampen the enthusiasm of some sections of the British media, brought up on a rich diet of *Eagle* and Alistair MacLean, for seeing the war from 8,000 miles off through red white and blue tinted binoculars.

A certain amount of rallying propaganda may be needed in times like this. But the jingoism of some British newspapers has been appalling. Worse, it has all added to the feeling that the Falklands affair would be a walkover. Look at the headlines over the past month: "Did 1,200 Argies Drown?;" "Get Out Or We Shoot;" "We Gave 'Em Hell;" "We Will Sink You;" "Now the Enemy Weakens;" "Britain Is Set to Shoot Argies Out of the Sky."

Judging by the more measured sentiments expressed in opinion polls, letters to newspapers and radio phone-in programmes, the British public does not seem to share the one-dimensional view of the headline writers. The only consolation is that the Argentine press appears to be even worse.

The conflict has tended to be served up here in terms of simple images. On one level, it is straightforward Good v Evil. Tolkien style.

Folkloric descriptions of the Falklanders almost compare with that of the Hobbits: "an unobtrusive but very ancient people, more numerous formerly than today . . . a well-ordered and well-farmed countryside was their favourite haunt."

On a second level, the conflict—or at least until our ship was lost—could be reduced in the media to a game of cricket. The TV panel of ex-Admiralty experts sums up the capabilities of the two line-ups: how will the fast bowlers adapt to the terrain?; and the result may depend on the weather.

On the third level, the handling of the whole escapade too often seems designed to reinforce that quiet moral superiority complex, no less insufferable for being understated, which routinely applies to British dealings with foreigners.

Britain uses "minimum force" because we are a democracy; the Navy entertains its captives to dinner; British troops can win through even when outnumbered: our lasers, radar and stun grenades are better than theirs; and it is absolutely natural that the Ministry of Defence spokesman does not lie.

The more complex questions that should be addressed are these:

● What happens after the military operations? The first thoughts in everyone's mind at the moment must be doubts over a war that could soon cost as many lives as there are Falklanders. But looking further ahead the Government must show that it has some idea of how the islanders are going to resume their pleasantly anachronistic lives after the diplomatic agreement which has to follow any military action. Will the Argentinians continue to provide medical, transport, fuel and education services when and if they are repulsed from the islands?

● If we cannot now "appease" dictators, do we have any business selling arms to them? Mrs Thatcher's statement, in a speech at a Farnborough air show dinner in September 1980, looked chilling enough then: "Export sales of British defence equipment will this year earn £1,200m in foreign currency. That may sound a large sum and I want to pay tribute to those who earn it. But it is not enough."

If Britain now really finds the Argentinian regime so objectionable on moral grounds, then it should consider a policy similar to that adopted by President Carter of banning arms shipments to countries which violate human rights.

● Lastly, how long is long-term? In looking for a settlement, commentators' horizons rarely extend beyond weeks or months. The Falklands land area is often compared with that of Wales. It might be salutary to point out that the islands in fact are much more similar in size to Alsace-Lorraine, which changed hands four times over 70 years.

Letters to the Editor

The sale of shares in publicly owned companies

From Mr A. Nelson MP

Sir,—The Government would do well to pay scant regard to a number of recommendations of the tenth report from the committee of public accounts on the sale of shares in publicly owned companies. As Lex recognised (April 28), the proposals for issue prices which risk occasional undersubscription and for dispensing with the employment of underwriters, ignore how markets operate.

Underwriting not only promotes the subscriber's confidence through endorsement, it also guarantees the *full* receipts of sale, which, as the Comptroller and Auditor General pointed out to the committee, is an essential element of reducing the public sector borrowing requirement. It is of no little consequence either to the employees of companies who prefer to see an orderly and successful transfer of ownership, if only because many of them are shareholders themselves.

The committee is prepared to risk under-subscriptions in order to prevent windfall profits arising. The danger is that much tighter pricing of issues will require higher underwriting commissions or that the market value of the Government's unsold interest will decline significantly. It is fair criticism to say that, with the benefit of hindsight, four of the five sales considered by the committee were somewhat underpriced, and no doubt all merchant banks will have taken note of this. But it is also worth observing that the largest sale, 80m BP shares sold in 1979 for £290m, was almost spot on the market price. Moreover, criticism about the British Aerospace offer should be more about timing than pricing (the premium rose from 15 per cent to 47 per cent within two months of subscription).

The wider political issue of the means of achieving a spread of share ownership was not addressed by the PAC. I believe it is essential to promote the widest share ownership of companies which are privatised mainly because their activities and employment affect us more directly than the average public company. There are many who also feel that the oligopoly of ownership by a few institutions is only marginally less distasteful than the monopoly of state ownership. The trend from private to institutional ownership of equities may be a secular one, but the Government should not accelerate it through tenders or placings which have the effect of deterring private applications.

Since the Conservative Government came to office in May 1979, £694m worth of shares in publicly-owned companies have been sold. The National Enterprise Board has sold a further £123m worth. This is welcome progress but a great deal more should be completed this Parliament. The political and economic dividends of a rapid privatisation programme will be substantial. The Government should not endanger the success of the remaining programme by heeding too much of the advice offered by the public accounts committee.

Anthony Nelson.
House of Commons, SW1.

Oil research and development

From Mr W. Faville

Sir,—Your front page article on redundancies in the North Sea construction industry (April 21) provokes thoughts on how we, as a country, can achieve effective development of the smaller "marginal" oil discoveries in the North Sea and those located in deep water.

Clearly the first requirement is for a change in the tax levels and structure so that development becomes attractive. There is also a need for significant cost reductions in the means of recovering oil and gas. This can in part be achieved by innovation, research and development, but the oil industry is one in which the R and D effort is fragmented and poorly co-ordinated considering its size. It appears that the offshore supplies office and the marine technology support unit (both arms of the Department of Energy) are the only bodies trying to hold the effort together. Surely this is out of character for a country with a highly institutionalised commitment to research in most other industries.

Should the UK oil industry not learn from the French with their successful Institute Petrol du France which is funded by a tax on petrol. With its staff of about 6,000 it is a powerful force uniting the industry in France. Another parallel exists in the American electric power generation industry, where the Electric Power Research Institute has united much of the R and D effort of the 60-plus U.S. power generating utilities.

Is it not time that the oil industry and Government put their respective houses in order in relation to R and D for the next phase of offshore oil exploration and production? What is required is the equivalent of a Harwell, Windscale, Aldermaston, or Doonreay, but with a new, fresh, and live approach. The parallels between oil and nuclear are closer than some might imagine. Projects costs are of the same order, the level of technology required is similar, and the potential for environmental pollution is a burden for both. The principal difference is that oil developments are able to show a plus in their financial assessment.

Much talent exists in the UK industry, but it is dispersed through a myriad of commercial and institutional organisations. Let us see some initiatives before it is too late.

W. S. Faville.
26, Denmark Avenue, SW19.

London Transport library

From Gilda Archer.

Sir,—On reading Mr Leslie Chapman's book "Waste Away" (reviewed on April 29) I was surprised to find his scathing remarks on London Transport library. He writes: "No one seemed to be very busy, except those in the staff lending library which duplicated for London Transport Headquarters staff, at considerable public expense, the facilities, including an admirable record library, provided normally by local authorities."

Since Mr Chapman felt so strongly about this, I think it is a great pity he didn't even do a basic research job. During his time with London Transport, he didn't once come into the library to check with me or my assistant on its contents or service to the staff. By inference his comments suggest the library was full of leisure books and records merely for the delectation of the staff at 55 Broadway. Not so!

The London Transport library was opened in 1921 as a technical and reference point for all members of staff throughout the LT complex. Books were acquired for students and apprentices and, unlike the public libraries, they were available for their entire course without renewal. At the end of the course, these were put back into the system to be available for the following year's batch of students.

During the following years some classical fiction, biographies and transport books were added—largely by donations. It was then decided to build a first class transport section to aid the work force in both their studies and their understanding of the business of transport. Other sections were slowly added—travel, history and the arts but the main theme of the LT library was and always has been technical, reference and transport.

In 1978, when I took over as librarian, the library committee (run voluntarily by LT employees who acted as trustees in the best interests of all the staff), had to decide what to do with some £2,000 raised by the sale of a few valuable books. These books had been donated many years previously, but had never been taken out on loan so the committee felt they should be sold and the money put to use for the benefit of the staff. I suggested a record library which would bring even more people into contact with the books available. This proved to be so. Circulation of books, largely educational, doubled within a few months and continued to increase until the closure of the library. So much for the "considerable public expense!"

Gilda D. Archer,
London Transport,
47-51 Gillingham Street, SW1.

Fireproof records

From Dr M. Guyer.

Sir, — I am reasonably certain that quite a number of fellow readers who have been looking into the possibility of purchasing or leasing a computer system for the office of today, to transform it into the office of tomorrow, will have heard it suggested to them that they either replace the old office safe with a new fireproof one to store the backup memory data in, or that they should fill the space where formerly there were filing cabinets, with a new fireproof safe.

I doubt whether it has occurred to them that, unless the new safe is located in another building a reasonable distance away, they will need to buy a very large additional fireproof safe to store the main computer in. Somehow, I further doubt there is one quite acceptable enough, even to store the current microcomputer.

(Dr) Martin Guyer,
47 Wandsworth Bridge Road, SW6

British Sugar forecasts £60m for year and 35p dividend

PROFITS, BEFORE tax, of some £60m are forecast by British Sugar for the whole of the current year, compared with a previous £51m, and directors expect to push the dividend up from 25p to not less than 35p net per share.

The forecasts are given in the group's interim statement which shows, taxable profits for the 26 weeks ended March 28 1982, well ahead to £31m, compared with £18.1m, on turnover of £279m (£259.6m). The interim dividend is doubled to 15p (7.5p) net from earnings per share up 18.2p to 45.2p.

Tax for the 26 weeks takes £3.9m, compared with £1.9m, leaving net profits up from £16.2m to £27.1m. Dividends will absorb £9m, against £4.5m.

As at March 28, the group's balance sheet included fixed assets of £329.8m (£249.4m), net current assets, down from £47.4m to £38.8m, and term loans of £44.3m (£46.2m). Net assets per share are given as 540.5p, against 510.3p as at September 27 1981.

On a curent cost basis pre-tax (£10.3m) and earnings per share to 28.3p (14p).

Commenting on Berisford, Sir Gerald says that the EEC Competition Directorate are considering the anti-competitive position of the company as a shareholder in British Sugar.

"Nevertheless Berisford may be free to make a further bid for your company after July 1 1982."

The board has therefore felt shareholders should be aware, at this stage, of its assessment of prospects for the year, he states.

Mr J. M. F. Padovan who was originally appointed to the board at the request of Berisford has not been involved in this assessment of prospects.

See Lex

HIGHLIGHTS

Lex continues to workits way through the company reporting season. Leading the column today is its examination of British Sugar's 71 per cent advance, before tax, to £31m at halftime and doubling of interim dividend. The company is forecasting £60m pre-tax for the full year. The column goes on to look at UDS, which is cutting its dividend after very poor trading in the important final quarter that left taxable profits down from £16.2m at £13.7m. In the financial sector Royal Bank of Scotland has produced slightly lower mid-term pre-tax profits of £43.1m as it finds its main stream banking business hard going. Lex also looks at discount house Gerrard and National, where there was a £1.5m decline in profit but total dividend is lifted by 12½ per cent.

Carless Capel to raise £16m

Carless, Capel & Leonard, the oil exploration and refinery group, is raising £16m by way of a 1-for-4 rights issue at 135p.

The proceeds will be used to fund the next stage of the company's UK oil and gas exploration, both on and offshore. The cash call is in keeping with the group's policy to finance exploration activities with equity capital.

Mr John Leonard, chairman, yesterday acknowledged that many companies are curtailing their exploration activity in light of the drop in oil prices, but he said: "Gluts will come and gluts will go. This is a long-term business."

Mr Leonard said that Carless has a policy of intensive investment during a recession. "We have a reputation for investing when other people aren't. I think it is a policy which pays off."

At the end of last month, Carless reported that a second well in the Humbly Grove area had tested oil at a rate of 750 barrels per day. In addition, natural gas was found.

Mr Leonard said yesterday that the appraisal drilling of Humbly Grove should be completed by the end of August.

The company estimates that its profit before interest, tax and exceptional items for the year ended last March should be about £2m, which compares with £2.19m last year. Net interest payable for the period should be £0.3m. A final maintained dividend of 1.75p is expected.

Carless' U.S. subsidiary, Resources Inc. is generating a cash flow at an annual rate of about $1.5m, including the estimated return from wells which will be brought on stream in the next few months.

The cash flow in the year to March, 1983 is expected to be close to $6m.

Exploration and production expenditure both on and offshore in the UK totalled £6.3m by last March, of which £5.8m has been capitalised. Payments for Carless' interests in the three North Sea premium blocks awarded in the UK seventh round accounted for £1.7m of the £5.8m.

The capital allowance arising from this expenditure totalled £4.1m. This amount has been, or will be, offset against the company's taxable income.

As of last March, Carless had secured loans of £2.1m and bank overdrafts of £7.48m.

The rights issue of 12. 36m ordinary shares has been underwritten by Lazard Brothers brokers to the issue are Laurence, Prost.

● comment

Carless ran through the proceeds of its last rights issue—some £9.5m raised less than two years ago—a bit more quickly than the market expected. Nonetheless, the shares held firm at 178p on yesterday's news. Humbly Grove remains firmly behind the market's enthusiasm. The onshore site looks very promising, but Carless' p/e is already in the clouds because of it. *Any further rise in the price would be discounting more* excitement than the site presently warrants. Carless' chemical activities remain sluggish, accounting for the dull result for the year just ended. The company has spent £3m on its Harwich plant which is soon to crank up into operation. It should help the group's margins in this area, but true recovery will have to wait for a resumption in industrial demand. The U.S. oil business is looking surprisingly good, with some 67 per *cent of current operations now* generating cash. Assuming it kicks in about £1m in the current year an Humbly begins to pay off, the company looks set to reach £5m or £6m pre-tax. The forecast dividend gives the ex-rights price a yield of 2.3 per cent.

F. Sumner encouraged despite downturn

PRE-TAX PROFITS *of* Francis Sumner (Holdings), which has interests in textiles, engineering, plastics and offshore engineering services, declined from £97,000 to £34,000 for the year ending December 31, 1981, on lower sales of £11.38m, compared with £15.1m.

The directors explain that *within these results the retained* interests of the group, comprising the textile and clothing division, accounted for profits of £119,000 (£102,000) on sales of £7.3m (£6.6m).

The non-textile interests, which were demerged from the group with effect from July 10, 1981, incurred losses of £85,000 on sales of £4.1m.

It is pointed out that trading conditions for the group's spinning and weaving interests became progressively worse during the second half of 1981. On markets already weakened by the recession, low priced imports "continued to cause havoc with the result that realistic gross margins could not be maintained."

This led to a decision to close the group's narrow fabric weaving operation at Cheadle—the trading losses attributable to this discontinued operation amounted to £214,000.

All other divisions in the group performed well under difficult trading conditions and contributed profits of £250,000 from sales of £4.9m.

Trading conditions in 1982 continue to be difficult with orders on hand at the end of March 24 per cent down on last year. The directors say it remains difficult to predict the group's performance for the rest of the year but the strong financial position of the group encourages them to look forward with confidence.

Tax for 1981 took £21,000 (£36,000) and after minorities, and extraordinary debits of £150,000 (£153,000) there was an attributable loss of £138,000 (£94,000).

Stated earnings per 10p share were 0.05p (0.22p) and, like the interim, the final dividend is again being passed, leaving the special 0.2p net dividend paid in September as the total for the year (0.35p).

FOR the six months from demerger to December 31, 1981, Hartons Group showed a profit before tax of £37,000, on turnover of £4.31m. This compares with figures for the 1980 proforma year of £146,000 and £8.6m.

The group operates the demerged non-textile interests of Francis Sumner. It is quoted on the Unlisted Securities Market.

No dividend is recommended for the period. Stated earnings per 5p share were 0.16p, before an extraordinary debit of £36,000 relating to the group's share of the demerger costs. Tax and minority interests each took £1,000. Attributable loss was £1,000.

The plastics division, Visijar Plastics, lost £67,000 before tax on sales of £3m in the six months, against losses of £98,000 on sales of £2.9m in the first half to June 30. The directors say this was the result of fierce competition in the sector, caused by the recession.

Visijar has now merged with one of its main competitors. The new company, Visijar Tuckers, is owned half by Hartons Group and half by British Syphon Industries, and the directors hope the benefits of the merger will begin to appear this year.

The engineering products division, Sumner Products, lost £24,000 before tax on sales of £1.3m in the second half, mainly because of lower deliveries on nursery merchandise, poor demand from industrial markets and a late start to the season for electrical products.

To expand the seat sticks division, J. D. Norton Engineering is to be bought for £150,000. It made pre-tax profits of £23,000 on sales of £161,000 in 1981, and had net tangible assets of £66,000 at year end.

Harton Estates, the holding company, with property investments, had attributable rental income of £103,000 in the half-year to December 31.

The directors say an encouraging start by the plastics division combined with a poor performance from Sumner Products produced a disappointing result for the first quarter of 1982, but activity improved in March and they hope this will continue through the year. They say Hartons Group remains in a good position to benefit from economic recovery.

Gerrard & National £1.5m off

DISCOUNT house Gerrard and National *showed a £1.49m drop* in profits to £4.31m for the year to April 5, after providing for tax and a transfer to inner reserves.

The dividend has been lifted from 14p to 15.75p with a final of 10.75p net. Dividends absorb £2.36m (£2.09m).

At year end disclosed shareholders' funds stood at £32.13m compared with £30.18m. Total assets, excluding bills subject to repurchase arrangements, amounted to £1.56bn (£1.46bn).

See Lex

Helical Bar dives into the red

ADVERSE weather in December and January resulted in lower turnover at Helical Bar, suppliers of steel reinforcement and steel stockholder, and pushed the company into an operating loss for the year, say the directors.

For the year to January 30, 1982, the company dived into pre-tax losses of £86,000, against previous profits of £210,000. *Turnover was £2.02m down at* £7.03m.

There is no dividend—last year a total of 2.75p was paid. Losses per 25p share emerged at 1.3p against earnings last time of 10.9p.

Losses in the second half amounted to £100,000, compared with profits of £58,000.

The directors say that there has been some improvement in demand and profit margins in the first quarter of the current year, and the group has traded profitably in the period.

Although they say that it is too early to make a forecast for the year it is anticipated that there will be an improvement on the past 12 months.

Investment in Saudi Arabia has been profitable in 1981 say the directors and the provision for diminution in its value is no longer considered necessary, resulting in an extraordinary credit of £26,000 (debit £43,000).

Pre-tax losses included associate losses of £36,000 (profits £38,000). There was a lower tax credit of £50,000 (£106,000).

On a CCA basis attributable losses emerged at £150,000 (£233,000 profits).

LRC PURCHASE

Schmid Laboratories, the American subsidiary of LRC International, has purchased the assets of Feminique Products Corporation for around $600,000. The Feminique brand has an annual sales volume of approximately $800,000.

UDS fails to maintain momentum in second half

THE FORECAST second half continued recovery failed to *materialise at UDS Group*, pre-tax profits for the year to January 30 1982 fell from £16.24m to £13.74m and the dividend has been cut.

Results, explain the directors, were particularly affected by the poor performance of the ladies fashion chain which suffered a serious trading loss and left group taxable profits for the second six months down from £14.19m to £8.66m.

Corrective action has been *taken, they say, but* UK sales were depressed in the final quarter and the immediate outlook for the company is not encouraging. Current year turnover so far gives no cause for short term optimism, they add. However, full year results will largely depend upon trading conditions and performance during the second half.

Earnings per 25p share for the year under review declined from an adjusted 6.8p to 4.6p and, with the final dividend being reduced from 3.61p to 1p, the total payment is cut from 6.21p to 3.6p net.

Turnover finished £12.87m lower at £435.82m and trading profits declined from £24m to £20.56m. From these depreciation and amortisation took £6.82m (£6.59m) and interest £4.31m (£6.1m), while the share of associates was higher at £1.95m against *£742,000. There was also* an addition of £2.37m (£4.2m) for surplus on the disposal of properties.

Tax absorbed £4.88m (£3.27m) and there were extraordinary debits of £7.23m (£22.69m), which the directors say reflect the continued rationalisation of the group's multiple shop chains and *include provisions* for the closure and transfers to be effected during the current year.

The effect of the reduction in extraordinary items was to turn an attributable loss of £9.72m to a profit of £1.64m and, with dividends taking £6.87m (£11.84m), the transfer from reserves *amounted to* £5.23m compared with £21.56m.

An analysis of turnover and profits from divisions shows: multiple shops £133.6m *(£137.24m) and £1.4m* loss (£2.95m profit); department stores £137.96m (£126.89m) and £4.07m (£7.49m); home shopping £58.38m (£63.96m) and £3.33m (£2.56m); export and overseas £95.98m (£73.01m) and £3.32m (£2.95m); closed businesses £9.9m (£47.6m) and £1.03m loss (£5.38m).

A direct comparison of divisional sales performance with last year, they point out, is distorted by the closure of the *mail order business and a* number of unprofitable units in the multiple shops division. Department store profits are also not comparable because of the elimination of service charge income on consumer credit accounts following the sale of the company's debt portfolio. This is reflected in the reduced interest charge.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Altifund Income	4.75	—	4.38	7.25	6.88
Altifund Capital	0.24	—	0.22	0.36	0.34
British Sugar ...int.	15	June 21	7.5	—‖	25
Doranakande Rubber	2	—	2	3	3
Far Eastern Inv. Tst.	3.2	July 2	3.2	4.7	4.7
Garnar Booth	4	July 2	3.85	6.4	6.25
Gerrard and Natnl.	10.75	—	9	15.75	14
Norman Hay	1.85	—	1.85	3.1	3.1
Helical Bar	nil	—	1.75	nil	2.75
Kwik Save ...int.	2†	July 1	1.6	—	5
Marshall's Univ.	*0.1*	*July 19*	*0.1*	*0.1*	*0.1*
Moss Engrg. ...int.	nil	—	2.1	—	5.95
M.Y. Dart	nil	—	—	2§	2.9
Platignum	0.01	June 25	0.01	0.01	0.01
Pritchard Services¶	1.75	July 6	1.25	2.5	1.75
Richards ...*int.*	*0.3*	*June 3*	*0.3*	—	1.45
Royal Bank Scot. ...int.	2.8	July 1	2.4	—	5.4
Francis Sumner	nil	—	nil	0.2	0.35
Sungei Bahru Rbr. int.	0.5	June 15	0.75	—	2.35
Thames Inv. & Secs.‡ int.	1.68	July 2	—	—	2.5
UDS Group	1	Aug. 6	3.61	3.6	6.21

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 18 months. ¶ Adjusted throughout for capital restructuring. ‖ Total of not less than 35p for cash.

Marshall's Universal rises

A SUBSTANTIALLY greater improvement in pre-tax profits, which rose sharply from £26,567 to £152,985, *would have been* made at Marshall's Universal for 1981, say the directors, if there had not been adverse currency conditions, bad debt and other *provisions.*

For the second six months the group incurred pre-tax losses of £57,015, but these were greatly reduced, compared with the previous deficit of £498,433.

Turnover for the full period, of this distributor of motor vehicle accessories and paper board products, slipped by £3.27m to £51.82m, and the dividend is again a nominal payment of 0.1p per share.

Current trading indications for the group are very encouraging, say the directors.

Adverse currency changes affected overseas areas and compounded difficult trading conditions in both the UK and East Africa. The conversion of East African earnings into sterling at the less favourable exchange rates now applying reduced trading results, say the directors. Trading profits fell from £2.75m to £1.97m.

An improvement in the UK arose from earlier decisions to reduce borrowings by curtailing motor trading and is reflected in a reduction of £310,784 to £1.72m *in interest charges. Pre-tax* profits were also struck after lower redundancy and closure costs of £93,979 (£653,702).

After tax of £312,964 (£689,184) there were losses of £159,979 (£662,617) giving losses per share of 6.8p (13.75p).

Extraordinary credits of £975,866 (debits £98,266) mainly reflected the receipt in January 1982 of £1.65m on the sale and leaseback of the company's Croydon property.

On a CCA basis pre-tax losses stood at £978,000 (£824,000).

● comment

Management forecasts are being revised upwards at Marshall's on the basis of two *months of considerably better* trading in components and paper and board distribution. The company's mood of cautious optimism is accompanied by hopes for some restoration of real dividends this year. Borrowings are now down to around £10m, compared with a peak of £13.3m at the end of 1980 when gearing was 40 per cent. The motor sales side has all but disappeared in the UK—with the number of showrooms cut over 1981 from ten to two — but in East Africa trading remains buoyant with exchange rates for the group's Peugeot dealership far more advantageous than for its Japanese competition. Yesterday the shares rose 2p to 82p on the improving trend.

SPAIN

May 6	Price %	+ or −
Banco Bilbao	344	
Banco Central	333	
Banco Exterior	304	
Banco Hispano	308	
Banco Ind. Cat.	114	
Banco Santander	318	+3
Banco Urquijo	204	
Banco Vizcaya	358	
Banco Zaragoza	245	
Dragados	147	+2
Espanola Zinc	69	
Fecsa	65.0	−0.2
Gal. Preciados	40	
Hidrola	66.5	+0.5
Iberduero	58.2	+0.2
Petroleos	90.5	+0.3
Petroliber	89	
Sogefisa	7	−1
Telefonica	71.2	−0.8
Union Elect.	68.2	−0.8

£7m tender from Mid Southern

The Mid Southern Water Company is offering for sale by tender £7m of 9 per cent redeemable preference stock.

At the minimum tender price of £100, the conventional gross yield is 12.85 per cent, or 18.75 per cent for those liable to corporation tax.

The stock is redeemable at par on June 30, 1987. Applications for the issue, which must be accompanied by deposits of £10 per £100 nominal amount of stock sought, must be received by 11 am on May 13.

The first dividend which will amount to £4.663 net, will be payable on January 4.

● comment

This is the second water issue in three weeks which offers nearly a full point less than the comparable government stock. The last one, launched as the fleet neared the Falklands, shrugged off the crisis and pulled in an average price of £100.34 on a minimum tender price of £99. That stock and its predecessor are both trading at a premium partly paid form. The steady demand for these issues by *those who can take full advantage of the franked income means* that applicants should pitch their bid at a premium to the tender, perhaps as much as £1.00 if the market doesn't markedly sicken in the next few days.

BP makes poor start to year

THE FIRST two or three weeks of the current year at British Petroleum were very disappointing, members were told at the AGM by Mr Peter Wilson, who was addressing an annual meeting for the first time as chairman.

He said that although the last few weeks had seen an improvement in the market, as well as more stable prices, this had come too late to affect first quarter results.

However, he expressed confidence in the groups long-term prospects and said 1982 should see the completion of the first stage of the current rationalisation and a basis laid for increased profitability in future years.

UK COMPANY NEWS

Kwik Save up: lifts interim

A RISE of 20.8 per cent in pre-tax profits was recorded by Kwik Save Discount Group, supermarket operator, for the 26 weeks ended February 27, 1982. The figure of £10.68m compares with £8.85m for the same period in the previous year and £19.34m for the full year.

Half year sales were up from £190.25m to £235.31m, a 23.6 per cent advance.

The interim dividend rises from 1.6p net to 2p on the enlarged capital. Last year's total was 5p. Midway earnings per 10p share, adjusted for the rights issue, are given as 7.35p (6.16p).

Tax took £5.56m, against £4.6m. The directors point out that this has been provided at full tax rates, which over a full year will be subject to capital allowances and stock relief.

The directors say concessionaire rentals, including the Coleman Meat subsidiary, rose from £1.72m to £2.18m and net interest increased from £346,000 to £763,000, partly as a result of the investment of the rights issue monies in January.

Eight more stores had been opened at February 27, 1982. The bad weather delayed the opening programme in the first half but the directors expect to have over 300 stores operating by the end of the year.

● **comment**

Producing figures on the day after J. Sainsbury is not a task every food retailer would relish, but Kwik Save has acquitted itself very well. The company's decision to hold gross margins steady during a period of rising food price inflation has so far paid off, with volume rising 7 per cent in established stores on a year on year basis. Net margins have admittedly been trimmed slightly and Kwik Save may not be able to contain stock levels so tightly in the second half, but it has a full six months of rights issue cash to play with and the Coleman Meat business, which roughly doubled its first half contribution on a like for like basis, is still growing strongly. So full year of profits of £24m look on the cards putting the shares, down 4p at 240p yesterday, on a prospective yield of 3.7 per cent and an acceptable multiple of 15 times fully taxed earnings—applying average share capital.

Heal & Son losses rise to £0.9m

TIGHTER MARGINS, heavier promotional expenditure and higher operating costs were behind rising losses at Heal and Son Holdings for the year to January 31, 1982, say the directors. The deficit increased from £767,000 to £919,000 on turnover steady at £11.91m against £11.27m.

Despite disturbance to showrooms — there was an exceptional debit this time of £225,000 for reorganisation costs — sales at the Tottenham Court Road (London) shop increased by 21 per cent.

There is again no dividend for this retail furnisher, which last made a payment of 5p in 1977. Losses per £1 share rose from £6.08p to £7.29p.

At the trading level, the company losses increased to £491,000 (£373,000).

Tax was the same again at £1,000 and there was an extraordinary credit this time of £355,000 which was profit on the sale of properties.

FAIRCLOUGH CONSTRUCTION

Since the turn of the year Fairclough Construction Group, the civil engineering and building company, had received some good orders and contracts had been secured, Mr Oswald Davies, the chairman, told the annual meeting.

He said things were looking very healthy for 1982, adding: "Your board is confident that it will come to you next May and report further progress."

18 month loss at MY Dart

WITH THE group suffering losses of £467,000 in the six months to December 31 1981 MY Dart, sporting and leisure equipment, packaging concern, finished the 18-month accounting period to that date, £235,000 in the red pre-tax. This is compared with profits of £1.23m for the previous year.

After 12 months the directors said that prospects for the remainder of the period would be affected by the substantial reorganisation carried out during the year, and since.

Mr Paul Marks, chairman, says that current trading has begun to show some signs of improvement in most areas of operations, "which we hope will benefit further from economies and rationalisation measures."

There is no further dividend, in respect of the 18 months, so the total is 2p net per share, against 2.9p previously. The directors propose a scrip issue on a one-for-10 basis.

Turnover amounted to £36.36m (£20.85m for year) and after tax of £61,000 (£50,000 credit), loss per share is given as 1.71p, compared with earnings of 7.88p.

The chairman says that the economic recession has made it essential to restructure many of the group's activities and to plan the reduction or closure of some, whereas others would be extended. He adds that costs have led to the regrouping of operations at a smaller number of locations, and that reorganisation and redundancies have taken place.

After extraordinary items and minority interests, attributable loss came out at £113,000, against a £1.18m profit.

● **comment**

M Y Dart's omission of the final dividend is all the more understandable in the light of a pre-tax loss of about £900,000 for the six months to December 1981. Over the full 18 months under review the only profitable division was pyrotechnics, but even here the company feels that profits of about £200,000 are an unsatisfactory reward for an expensive world-wide sales drive. Two encouraging factors are increasing volume and margins from Dawes bicycles, and a turnaround into profitability from Marcosports due to improved working practices. Packaging was the biggest headache of all, and M Y Dart even felt compelled to close down its Wiltshire paper mill in January 1981, only three months after completing the mill's modernisation programme. The Redditch leisure centre, acquired in 1980, is still not washing its face of finance charges. Overall, gearing has risen about 8 points since the previous year-end to 32 per cent. After the results the share price fell 4½p to 23p, a six-year low, and about a third of net asset value. The dividend yield over the past 12 months is 6.2 per cent. The company is capitalised at just over £4m.

Pritchard's £6m gives hope of another record

A 73 PER CENT increase from £3.53m to a record £6.11m in pre-tax profits is reported by Pritchard Services Group for the year to January 3, 1982. Sales of the group, which has interests in building maintenance, industrial and camp catering, security services and linen hire, soared from £95.74m to £177.24m, and Mr Peter Pritchard, the chairman, says this increase is a reflection of the organic growth and successful acquisition programme which have been major features in the past 12 months.

He adds: "With this further substantial increase, we have more than doubled our pre-tax profits in only two years. Our resilience during this period of severe world-wide recession has been due largely to the size and diversity of the group in a number of growth areas.

"We anticipate another record year in 1982, despite the likelihood of a continuing difficult economic environment."

The total dividend is effectively raised from 1.75p to 2.5p on the basis of the capital reconstruction after the year-end, with a final of an adjusted 1.75p (1.25p).

Tax for the year increased from £1.46m to £2.15m, with the overseas and overseas associates accounting for £1.36m (£830,000). After minorities of £392,000 (£71,000), available profit was up from £2m to £3.56m. Stated earnings per new share improved from 4.37p to 5.79p.

Mr Pritchard says building maintenance continues to be the group's major activity and Pritchard is one of the largest UK contractors in this field. In 1981, world-wide sales in this sector amounted to £96m, resulting in operating profits of £3.9m. Other major activities include the fast-growing health care services division, linen rental, security and food, all of which have performed well.

The £4.5m street cleansing contract in the London Borough of Wandsworth is an indication, he says, of the direction the industrial services division is taking in the immediate future.

Securing with its joint venture partners the five-year £210m refuse collection and street maintenance Jeddah contract, the largest-ever awarded by a municipality anywhere, consolidates Pritchard's Saudi Arabian associate as the leading contractor in this field in the Middle East.

On a CCA basis, pre-tax profits were £5.51m and earnings per new share, 4.43p.

● **comment**

Dawn raids have a way of concentrating the mind. Since Michael Ashcroft took a bite of Pritchard shares for breakfast in the summer of '80 the company has shot ahead. Coincidence no doubt and anyway Ashcroft sold out a year later. Nevertheless Pritchard has launched a rights issue and made two big acquisitions. The market capitalisation is £73m against under £9m two years ago. Today's figures have been bolstered by a first time contribution from Crothal—worth £1.7m before financing costs—and favourable currency movements added another £1m. There have been some sizeable reorganisation costs struck above the line so the underlying growth rate remains reasonably strong, if unquantified. Now National Medical Consultants will come in for a full year. Some hefty expansion costs will take the edge off the interim results but 1982 should be good for £10m pre-tax from sales of £300m. On stated earnings per share the p/e is 15½ and the yield 4 per cent at 91p—not expensive given this year's outlook.

Receivers for Finlas

Mr Richard Turton and Mr John Talbot, partners in Spicer and Pegler, have been appointed receivers of Finlas Printing and Publishing Group Limited, the Leeds based group which includes King's English Colour Printers, T. and T. Gill, T. M. Woodhead and Tapp and Toothill.

The group has been sustaining heavy losses and asked its bankers to appoint receivers; they are at present continuing to trade and are attempting to find buyers for all or parts of the business as going concerns. The group employs about 400 people, mainly in the Leeds area. Turnover last year was about £9m.

Platignum in red but confident of recovery

ALTHOUGH second-half pre-tax losses at Platignum were halved, from £225,807 to £213,296, the deficit for the full year ended January 31 1982 was higher at £615,564, compared with £443,991. Third party sales totalled £7.75m for the 12 months, against £10.47m.

The directors of this writing instruments manufacturer are again paying a nominal dividend of 0.01p per share to maintain trustee status.

Losses at halfway jumped to £402,268 (£18,184) and although these were expected to continue in the second six months, the board said they would be at a reduced rate.

Mr Christopher Andrews, chairman, says that as a result of the recent rights issue, placing, and acquisition of R. P. Collier (Holdings), the group has a strong base from which it will be able to redouble efforts in export marketing, particularly in Africa and the Middle East.

He says that directors have already embarked upon a major design programme and the company is poised to expand its marketing services division, by the development of new areas of service to customers.

Mr Andrews adds that reorganisation plans are continuing at the Stevenage factory to further improve efficiency and manufacturing capacity. He adds that these plans "will mean a very active year . . . and lead in due course to a return to profitability."

Group balance sheet as at January 31 1982 shows shareholders' funds of £3.57m (£3.5m) and net current assets of £282,551 (£846,277), which included a bank overdraft of £1.02m (£831,230). On a pro forma basis, amended to include the rights, placing and acquisition, the respective figures are: £4.74m, £1.26m, and £50,975.

In the P and L account there was a tax credit—deferred adjustment — of £383,456 (£352,936) reducing the loss to £232,108, against £91,055.

Richards losses deepen

WITH INTERIM pre-tax losses rising by £191,000 to £252,000 on lower turnover of £4.26m, against £5.07m the directors of Richards, textile manufacturer, state that payment of a final dividend depends not only on the 1982 result, but also on the prospects for 1983.

The interim is being held at 0.5p net—last year a total of 1.45p was paid from pre-tax profits of £9,000 (£256,000).

Loss per 10p share for the six months to March 31 was 1.2p (0.52p).

There was a severe drop in demand from Christmas onwards, made worse by the unexpected failure of important furnishing yarn customers who accounted for more than 6 per cent of sales in that division. The company is winning more sales by being even more aggressive, but this takes time as the markets remain very depressed, say the directors.

Both the modernisation of the Broadford works and the relocation programme are on schedule and Garthdee will be vacated as planned by the end of the calendar year. In the meantime, the company has retained professional advisers to assist with planning the most profitable utilisation of this site.

This time there were relocation expenses of £111,000 and a tax credit of £110,000.

LADBROKE INDEX

Close 576-581 (+5)

Lonrho buys more Fraser

Lonrho, headed by "Tiny" Rowland, has bought a parcel of shares in House of Fraser in a deal worth £424,500.

Lonrho revealed yesterday that it had recently purchased 283,000 ordinary shares in Fraser at 150p per share, increasing its interest by just0.1867 per cent. Its total holding in the group now stands at 29.9899 per cent.

Following an adverse Monopolies and Mergers Commission ruling — which said that a bid by Lonrho for Fraser was not in the public interest — Lonrho cannot take its share stake over 30 per cent.

Under the rules of the takeover panel that would trigger a bid.

Lonrho director, Mr Paul Spicer, said that the group had bought the extra Fraser shares "because we are entitled to," and because "the price is coming down—a lot of shares are on offer."

Lonrho, he said, had been in "almost continuous discussion with the Office of Fair Trading about the Fraser situation since the Monopolies Commission report was published last December.

Lonrho is seeking to meet the *objections of the report so that* it can be allowed to bid again for Fraser.

Fraser shares yesterday rose 2p to 150p.

RECEIVER SELLS T & S LIDDELL

Mr Fred Strachan of chartered accountants Peat, Marwick, Mitchell and Company, Glasgow, receiver of the Milngavie motor business of T. and S. Liddell, has sold the business to Taggarts (Motor Holdings).

Seventeen of the 36 employees have been re-engaged by the purchaser.

Cavendish Life change

The Gibraltar-based Cavendish Life Assurance is being acquired from its present owner Oxford Marketing and Trading Corporation of Nassau, Bahamas by a group of substantial clients of the U.S. attorneys Messrs Ruffa and Hanover of New York.

Final acquisition documents are being processed through the various regulatory authorities and agencies and a more detailed statement of the acquisition can be expected shortly. There are no details of the price being paid for the acquisition.

However, the new owners have announced their intention to strengthen the company by increasing the paid up capital from £250,000 to US$10m. This will provide added financial protection to present policyholders and facilitate future expansion.

The company as present only markets its products in the UK, through a subsidiary marketing company and has just one contract—a five year energy bond. The intention is to expand both the product range and the countries in which those products are sold.

FEEDEX TO BUY

Feedex Agricultural Industries has agreed to buy from Mr F. and Mrs M. J. Whaler the assets of their partnership for £124,523, plus stock at valuation, estimated at £50,000 and book debts at April 30, 1982, estimated at £35,000.

Consideration is to be paid with the issue of 88,230 Feedex ordinary shares (£29,998) and the balance in cash.

Whaler makes and instals ventilation equipment for the agricultural industry.

In the year to April 5, 1981, Whaler made a pre-tax profit of £50,344 on turnover of £220,269.

The assets are to be transferred to F. Whaler, which will be a wholly-owned subsidiary of Feedex.

REED STENHOUSE

Reed Stenhouse has completed its acquisition of Schiff Terhune International, New York. Purchase price was approximately $15m (£8.31m), consisting of cash and 276,410 Reed Stenhouse class A common shares issued from the Treasury. Stenhouse Holdings' interest in the enlarged Reed Stenhouse equity capital is now 52.65 per cent.

TADDALE PROPS.

Taddale Properties is to acquire Brook Holdings, a private company with a property portfolio of offices and shops in suburban London. Taddle has a share issue worth 80 per cent of the net tangible asset value of Brook's, which is about £8m.

The acquisition has to be approved by an extraordinary meeting of Taddle shareholders and is expected to be completed in early June. Taddale has a property portfolio worth about £11m

The company says the Brook acquisition fits in well with its operations as Brook's assets are also in the suburban London area. The enlarged company will have an annual rental income of about £1.5m and property assets of about £19m.

Taddle lso intends to issue shortly a low coupon convertible loan stock worth between £5m and £6m

NORTHERN FOODS

Northern Foods' acquisition of Keystone Foods Corp was completed on May 5.

Northern's $69m offer has been approved by shareholders of Keystone and the transaction has also been approved by the

BIDS AND DEALS

Scottish Ceylon acquires U.S. vineyard

Scottish Ceylon Tea has finally completed the transfer of its plantation assets from Sri Lanka to California, where it has acquired for £800,000 the San Ysidoro Vineyard in Santa Clara County.

The consideration is partly financed from the compensation received some years ago after the nationalisation of its tea estates in Sri Lanka, and from the two-for-one rights issue last year which raised almost £800,000.

Consumption of Californian wines is said to be rising fast, although only about 2 per cent of production is exported, and demand is expected to outstrip supply sometime in the middle of the current decade.

Scottish Ceylon therefore intends to replant a substantial proportion of the total acreage.

The property consists of 160 acres of mature vineyard, much of which was planted about 15 years ago and three-quarters of the crop is made up of premium varieties such as Pinot Chardonnay and Cabernet Sauvignon.

The group is paying £440,000 on completion and will settle the balance not later than May 15, 1985. The contract provides for 90 tillable acres to be replanted with premium varieties in 1983 at an initial cost of about £190,000 rising to a total development cost of some £285,000. The remaining 55 acres comprise pasture land.

At current costs, yields and prices, the mature acreage is producing net operating income of £93,000 annually which would rise to £192,000 on full maturity.

Scottish Ceylon is also close to a deal to acquire jojoba acreage, whose fruit produces an oil identical to that derived from sperm whales. Chairman Mr David Pinsent, formerly of Eastern Produce, expects Scottish Ceylon to be fully invested when that deal is completed and proposes to apply to transfer the quote from the Rule 163 (2) facility to the Unlisted Securities market.

LAURENCE GOULD

Laurence Gould and Co., agricultural consultant has agreed with Coppee-Courtoy, a Belgian engineering and industrial group, to buy its Agrer subsidiary for BFr 24m (£300,000)

Laurence Gould's assets are valued at BFr 31m. Mr Laurence Gould, chairman, said Agrer's annual turnover was expected to be £1m. The benefits would begin to appear in company profits in 1983.

The acquisition would enable Laurence Gould to penetrate markets in Africa, Asia and the West Indies, he said.

It would also provide a base close to the European Commission in Brussels, a source of substantial international funding, and let the company compete more effectively with big U.S. groups and French state-aided organisations.

Empire outlines GUS benefits

Great Universal Stores' £36m bid for Empire Stores (Bradford) will reach its first closing date on May 27 and it is expected that the Office of Fair Trading will have decided by that date whether or not to refer the deal to the Monopolies Commission.

The bid is conditional on an indication from the OFT that it will not be referred. GUS owns, or has shares irrevocably assented to it, amounting to 39.4 per cent of Empire's equity.

Explaining the board's acceptance of the GUS share and cash terms, Empire chairman, Mr John Gratwick, tells shareholders in a foreword to the formal offer document, that the group's position is "affected by changes taking place throughout the retail sector, including mail order, which require significant investment in advanced technology and a strong cash flow, which is only within the means of the stronger concerns in the industry."

"By merging with GUS and using GUS' strong financial base, together with its techniques in cost control and office and other systems, Empire will be able to support the investment costs involved in developing new advanced technology and thereby secure its long term future."

As known, Empire's pre-tax profits for the year to January 30 fell from £5.6m to £2.4m. The accounts published in conjunction with the offer document show that Empire incurred a net *cash outflow of £1.35m during the* year.

Compensation is to be paid to the two retiring members of the Fattorini family, descendants of the group's founders, who will receive "an approximate lump sum commutation payment of £15,000 each," followed by pensions starting at annual rates of about £1,730 and £3,960 respectively and increasing thereafter on an index-linked basis.

TANKS CONS.

The recommended cash offer on behalf of Societe Generale Holdings SA, a subsidiary of Societe Generale de Belgique SA, for all the 9 per cent cumulative redeemable preference shares of Tanks Consolidated Investments has been accepted in respect of 1,258,870 shares, 84.8 per cent. The offer has been extended until May 14, and remains conditional on acceptances being received in respect of not less than 90 per cent.

W. Williams expands

W. Williams and Sons Holdings, the South Wales die casting and foundry group, is to buy 80 per cent of the capital of Allisons of Pocklington and Allisons Garages for £1.

The Allisons Group activities cover BMW motor dealerships in Hull and Doncaster, concrete building products manufacturing, distribution of Harsh rigid lift tipping gear and heavy haulage and motor agencies in Yorkshire. The book value of the group for the year ended 1980 was £1,095,359 and pre-tax losses of £383,520. Turnover was more than £6m.

Williams is keen to diversify its activities away from foundry work although it intends to remain in the sector. The company is keen on developing the Harsh rigid lift tipping gear business at Allisons which has a licence for distributing the product in the EEC from the U.S. The company also intends to dispose of property belonging to Allisons.

C. Price and Son, a private property holding and engineering company, which owns 51 per cent of Williams and Sons bought property from Allisons for £474,000. The cash was used to improve Allisons' liquidity

The agreement is conditional upon the approval of shareholders of Williams including the Welsh Development Agency which owns 28.26 per cent of the company. Williams has entered into put and call options with minority shareholders of Allisons

SHARE STAKES

Trust Securities Holdings — *Prior to April 29, Ensis disposed* of 50,000 ordinary shares. It continues to be interested in shares representing 16.9 per cent.

New Australia Investment Trust — Bank of Scotland 1976 Pension Scheme has acquired a further 75,000 ordinary shares, making interest 12 per cent.

General Investment Trust — Equitable Life Insurance Society has acquired 825,000 ordinary shares (5.36 per cent).

GM Firth (Holdings) — I. H. Wasserman is the beneficial owner of 619,480 ordinary shares (20.73 per cent of the enlarged issued share capital).

Rush and Tompkins — Colguy Holdings is the registered holder *of 720,000 shares*, 6.55 per cent of the group's issued share capital.

Pentos — Westpool Investment Trus has sold 3,050,000 ordinary and 1,161,111 deferred ordinary, its entire shareholding in the company. Compactwise has acquired the above shares.

Electronic Rentals—Mr Black, a director, has purchased 50,000 ordinary shares.

United Biscuits—C. A. Frazer and Sir Hector Laing have decreased their holding by selling 20,000 ordinary from various trusts.

Marks and Spencer—Simon John Sacher, a director, notifies sales of 50,000 ordinary in which he had a beneficial interest. Michael Moses Sacher, vice-chairman and joint managing director, notifies sales of 100,000 ordinary in which he had a beneficial interest. Michael Moses Sacher and David Reuben Susman, vice-chairman and joint managing director and director, respectively, notify disposal of 10,000 *ordinary in which they held an* interest as trustees. Michael Moses Sacher and Simon John Sacher, vice-chairman and joint managing director and director respectively, have disposed of 25,000 ordinary shares in which they held an interest as trustees. Lord Sieff of Brimpton, chairman and joint managing director, notifies sale of 15,000 ordinary in which he had a beneficial interest.

T & N 'on the right road'

THE trends of falling volume and severe competition seen at Turner and Newall in the last two months of 1981, continued through the first two months of 1982 and were aggravated by Arctic weather conditions, Mr Stephen Gibbs, the chairman, told the annual meeting.

He added: "Although business has picked up slightly since early March, with somewhat firmer prices, the first quarter's trading was not good enough, although there were some very marked improvements at Hunt and improvements elsewhere."

He said there were still a few businesses in the company's portfolio which, it was clear, were unlikely to provide an adequate return to shareholders within an acceptable period, notwithstanding on-going action to reduce costs.

"The only remedy", he said, "is in partial or total disposal or closure of these activities. I do not want to say anything which could put in jeopardy any negotiations which may be in train. Announcements will be made when it is possible to do so, without prejudice to those negotiations".

He said he would not make a forecast; but "our core businesses are improving steadily, albeit slowly, and I am confident that we are on the right road".

Points from other annual meetings included:

Mr J. S. Camm, chairman of DRG said there had been no real evidence of any change for the better in the highly competitive environment, which its UK businesses operated. Although the current level of activity was better than that experienced in the comparable period of 1981, the first half was normally quieter than the second because of seasonal influences.

He said the group's engineering and trading businesses were continuing the improvement in earnings achieved last year and elsewhere he saw benefits flowing through to the bottom line as a result of economies and reorganisation.

Expenditure on acquisitions in the UK and U.S., and the normal increase in stocks in anticipation of the higher second half sales volumes, would cause a cash outflow in the first six months, but the board would continue to exercise tight cash management as a priority.

Lex Service Group chairman, Mr Trevor Chinn, said Volvo Concessionaires continued to achieve excellent results. While total registrations of new passenger cars in the UK in the first four months of 1982 were estimated to be marginally lower than in the same period last year, registrations of new Volvo cars were 25 per cent higher, which represented a 3.5 per cent share of the market against 2.7 per cent previously.

He said results for the first four months were substantially ahead of the same period last year, and that encouraged him to expect significantly higher first half profits.

Sir Trevor Holdsworth, chairman of Guest Keen and Nettlefolds, said he was unable to report sufficient clear indications to alter what he said in the annual report, namely that economic and market trends did not provide a firm base on which to build an optimistic forecast for 1982. He said, however, that in regard to the group's overall financial performance, it was continuing to maintain the level achieved in the second half of last year.

Mr John Mackay, chairman of Hugh Mackay, carpet maker, warned against euphoria over the turnround into profit in 1981. He said trading profit was less than 3 per cent of turnover—"not large by any yardstick." Competition was hard and margins fine.

Trimming operational costs had offset the lower levels of order, he said.

Moss Eng. incurs losses at midway

PROVISION OF £916,714 for losses on overseas contracts contributed to the Moss Engineering Group incurring pre-tax losses of £1.35m in the six months to February 28, 1982. In the corresponding period last year the group reported profits of £253,127. This, the directors say, is the group's first loss in the opening half since well before the War. No interim dividend is being paid against 2.1p last time and a final of 3.85p net.

Turnover fell from £9.07m to £7.27m, with home trade figures static at £5.87m. Direct exports were well down at £782,335 against £2.33m. Inter-group sales were lower at £620,383 (£864,011). Trading profits were £130,048 compared with £781,257. Depreciation took £114,263 (£122,345) and interest charges were up from £406,881 to £454,463. In view of the losses, the board does not anticipate any tax liability.

Mr Ernest Cars, the chairman, says the major source of the group's difficulty lies in the environmental division, and two unforeseen problems developed during the period.

The transfer to Accrington of part of the division's manufacturing capability resulted in greater technical and administrative problems than expected. The resultant loss of output has been in excess of £1m and was made worse by additional labour and material costs in re-working. The board estimates this re-working to have cost in the region of £200,000. There should be no recurrence of this problem, it says.

The other problem arose in the Middle East where the group had to continue to keep for a much longer period than it had budgeted, a considerably larger skilled and unskilled labour force, with back-up services.

Some of these costs may be recoverable, but the directors feel it prudent to charge the whole known present and future costs to this period.

The other divisions worked in flat trading conditions and their results were, under the circumstances, "reasonable." Sales are expected to recover during the second half to levels similar to those of 1981. It is likely, say the directors, that a second-half loss will be incurred, albeit at a level less than the first half.

The order book is now nearly 20 per cent stronger than a year ago and the directors look forward to 1983 with confidence.

● comment

Moss is very much on the penitence stool after its disastrous midyear figures. The trouble arising from the move to Accrington should have been avoidable but the setback in the Middle East stresses the risks inherent in any overseas contracts. Underneath the gloom there is some good news. Order books are higher with much of the growth coming from the more dependable home market, and the group's other specialist engineering activities are holding up well. While the provisions are expected to be more than adequate the environmental division has still to be put on an even keel so the current pick up in demand cannot yet be fully exploited. The shares yesterday slipped only 1p to 98p indicating that the market believes the company has learnt its lesson—or could Biwater lurking in the wings have something to do with it?

Francis Shaw improves

THE IMPROVING trend at Francis Shaw and Company since the depressed first quarter enabled this manufacturer of machinery for the rubber, cable and plastic industries to marginally reduce its pre-tax losses for 1981 from £107,000 to £98,000, with a "modest" profit being made in the final three months.

Furthermore, the directors say that the order intake for the first quarter of the current year has been maintained at an improved level and that the number of enquiries and projects under negotiation is greater than in recent years.

It is therefore expected that the group should continue to operate profitably over the remainder of 1982.

The directors are proposing to proceed with several of the important development projects held back during the group's contraction period and point out that the successful completion of these will benefit the group in 1983 and in later years.

After two years of major reorganisation and contraction the directors are confident that profitability has been restored and that the group is well placed to take advantage of future prospects as conditions improve.

Sales for 1981 slipped to £7.91m (£11.03m) but trading profits came through higher at £332,000, against £169,000.

The pre-tax deficit was after interest charges of £430,000 (£585,000)—the previous year's loss included an exceptional credit of £309,000.

Tax took £9,000 (£40,000). Below the line in 1980 there were minority credits of £20,000 and extraordinary debits of £496,000.

There is again no ordinary dividend—the last was a net 1.317p for 1979.

TRUST SECURITIES

Trust Securities has reorganised its share capital following the approval of shareholders at an EGM on April 29.

Each existing 40p share has been sub-divided into four shares of 10p each. The existing non-participating convertible shares have been redesignated as deferred convertible ordinary shares although their existing rights remain unaffected.

The issued share capital now consists of 6.65m ordinary shares of 10p each (£665,000) and 19.95m deferred convertible ordinary shares of 10p each (£2m).

Permission has been granted for dealings in the deferred convertible ordinary shares on the USM. Dealings started on Tuesday May 4.

Royal Bank midterm standstill

UNCHANGED at £43m, on a corresponding period adjusted for a change in leasing accounting, pre-tax profits of Royal Bank of Scotland Group for the six months to March 31, 1982 saw the benefits of increased volume offset by a narrowing of interest margins and a trend away from current accounts to interest bearing deposits.

Commission and fee income showed an encouraging increase, says Mr Michael Herries, chairman. However, the bad and doubtful debt provision increased by £5.3m to £14.2m reflecting the continued difficult trading conditions in the economy generally. In addition, despite tight control, operating costs continued to rise, particularly public utility costs.

After the debt provision, which broke down as to specific £12.6m (£7.5m) and general £1.6m (£1.4m), operating profits rose by £1m to 45.4m. To these associates added £8m (£6.1m) and interest on subordinated loans took £10.3m (£7.2m).

With the tax charge much reduced from £18m to £3.6m, net profits jumped from £25.3m to £39.5m. There was also an exceptional credit this time of £17.6m, being the group's share of a part release of deferred tax provision by the associated Lloyds and Scottish on leasing assets.

Before this, earnings per 25p share are shown to have risen from 11.2p to 17.5p, and after it they amounted to 25.3p. The net interim dividend is lifted from 2.4p to 2.8p. Last year's total payment was 5.4p on profits of £107.9m.

Extraordinary credits for the six months totalled £2.9m (£0.6m) and, with dividends absorbing £6.3m (£5.4m), the retained balance finished well ahead from £20.4m to £53.6m.

On a CCA basis, taxable profits for the period declined from £27.2m to £25.1m.

See Lex

The business remains open to all-comers

BY MICHAEL CASSELL

LEGISLATION designed to protect the public from unscrupulous and incompetent estate agents has, after 100 years of repeated parliamentary initiatives, finally come into force.

The implementation this week of parts of the Estate Agents Act 1979 imposes major obligations on anyone involved in commercial or residential estate agency. Failure to comply with the new ground rules could result in criminal prosecution or an order banning the offender from further agency work.

The Act is designed to extend consumer protection to a business which claims its reputation has for years been unfairly tarnished by the sins of a few rogue operators.

When the legislation was going through Parliament, one MP was moved to describe estate agents as "sharp professionals in expensive pinstripe suits" who imposed "grotesque" charges on their clients and offered little in return.

A consumer survey conducted at the same time for the Price Commission showed that agents were not readily associated with professionalism. They were, according to the survey, widely regarded as rather uninformative, inefficient and poor value for money, though three out of four buyers said they were still likely to use an estate agent again.

Under the Act, it will now be an offence for an agent not to disclose any personal interest direct or indirect in a property purchase or sale. He will in many cases be obliged to pay interest on deposits held on behalf of clients in separately audited accounts.

All agents are also required to state in advance of instructions the terms of business and details of any potential additional costs, such as advertising. Failure to do so could result in a decision to reduce or cancel any fees due. Enforcement of the new measures will be the responsibility of the Director General of Fair Trading.

The new Act appears to have provoked only limited interest among the 7,000 estate agencies operating in England and Wales but according to Mr John Murdoch, lecturer in law at Reading University, such indifference could be costly.

"The lack of interest is as regrettable as it is dangerous; there seems to be a widespread belief that the 'good buys' will remain quite untouched by this measure, provided that they continue along the well-trodden paths of existing professional practice.

"In certain respects this is probably true, for there is no reason to believe that the Director General of Fair Trading intends to make martyrs out of those whose transgressions are purely technical ones.

"However, the potential hazards are wider than this: any breach of the accounts rules, for example, is a criminal offence, while a sharpwitted client may well be able to stand on his 'consumer rights' and avoid paying commission to an agent who has not followed the prescribed procedure."

Although all estate agency work is covered by the Act, the spotlight is inevitably being trained on residential operations. For while the house agency field is predominantly populated by professionals who attempt to maintain high standards of service and integrity, it has also proved to be the most likely breeding ground for those with more dubious credentials.

With few resources and no qualifications required, anyone has been able to establish a "house broking" business and the ease with which it has been possible has provided a continuing source of aggravation to the qualified valuers, auctioneers and surveyors.

But, although the profession is welcoming measures contained within the Act to eradicate some of the abuses which have detracted from its image, it has been equally quick to criticise the Department of Trade for withholding implementation of some of the legislation's most critical passages.

The Act includes provision for a system of mandatory insurance cover for any agency taking deposits on purchases, as well as minimum standards of competence for those engaged in agency work.

> While the profession is united in calling for minimum standards, the Government is anxious not to implement any measures which could be seen to encourage a closed shop

But the Government's decision not to bring these measures into force along with the remainder of the Act means that, for the time being at least, the business remains open to all-comers and clients' money could still be at risk.

The Royal Institution of Chartered Surveyors (RICS), which has nearly 14,000 individual members—all of whom have degree-level qualifications and are bound by a code of conduct—is concerned that the Act allows anyone without experience or qualifications to continue to set up in practice and to advise people on what is likely to be the single most important transaction they ever make.

In calling for the early implementation of standards of competence, the RICS has the full support of the Incorporated Society of Valuers and Auctioneers (ISVA), which on Tuesday told Dr Gerard Vaughan, Minister for Consumer Affairs, of its concern.

Mr Michael Astbury, secretary of the ISVA, says there are fears that partial implementation of the Act may create a false sense of security for the public. "Anyone can still set up as an estate agent, whether or not he has any experience. There is nothing in law even to prevent the inexperienced and unqualified from offering highly skilled professional services like valuation and surveying."

There are suggestions that any standards laid down could be linked to existing professional qualifications, though there is an acceptance in most circles that these might well prove unnecessarily high for someone wishing to offer a simple house agency service. There is no suggestion that existing agencies would be forced to wind up their business if qualifications which they did not possess were eventually introduced.

But while the profession itself is united in calling for minimum standards, the Government is anxious not to implement any measures which could be seen to encourage a closed shop.

Mr David Tench, legal adviser to the Consumers Association, says the professionals' call for regulations should be seen in the light of their historic leanings towards restrictive practices. "It has taken the estate agency business over ten years to dismantle a system of scale charges which the Monopolies Commission found to be against the public interest.

"We are certainly in favour of a degree of regulations but extremely wary of anything which restricts competition in a field which has a history of restrictive measures behind it.

"The Act is overdue but nevertheless represents an important development in the field of consumer protection."

Both the RICS and the ISVA are, in the absence of any statutory insurance scheme for clients' money, emphasising the need to use only those agencies which do provide insurance in the event of misappropriation or loss of client's money. Both professional bodies are planning the implementation of mandatory professional indemnity insurance to cover the wider aspects of their members' work.

Enforcement of the new legislation is to rely on a system of "negative licensing," under which any person will be entitled to engage in estate agency work unless banned from doing so by an order issued by the Office of Fair Trading.

For such a move to be taken, the director general must believe the agent in question is generally unfit to continue in business, while he must also have committed one of a number of "trigger" offences—including a criminal conviction for fraud, dishonesty or violence, racial or sexual discrimination or involvement in "undesirable practices."

The Director General may then issue a complete ban or an enforcement order which restricts the offender's activities to certain areas of agency work.

Originally, there were proposals and widespread support for a system of positive licensing, under which everyone involved in estate agency work would have to meet certain qualifications before being registered. The problems of establishing and enforcing a registration system were, however, regarded as a major obstacle, given the enforcement resources available.

People like David Tench claim there was a good case for positive licensing, although he accepted the move could open up the sort of bureaucratic nightmare which followed the Consumer Credit Act.

"This is a half-way house between a free for all and a licensing system and it would turn out to be a 'complaint only' form of policing. But we must not judge it too soon."

The professional bodies believe some form of registration is essential and point out that other countries have managed to adopt such an approach. They privately accept, however, that the fragmented structure of the estate agency profession has not helped the process of finding a simple formula to maintain standards.

According to Kenneth Forbes of the ISVA: "The profession does not want a closed shop but it has continually pushed for the introduction of some minimum level of standards. Registration systems have been introduced and have worked successfully in other countries and we see no reasons why they could not work here."

Companies and Markets **MINING NEWS**

MIM Holdings records third quarterly deficit

BY GEORGE MILLING-STANLEY

THE CONTINUED weakness in metal prices has meant that Australia's MIM Holdings has remained in the red in the three months to April 4.

The latest quarterly operating loss, the third in a row, came to A$9.51m (£5.6m). This brings the cumulative loss for the first nine months of the financial year to A$13.98m, which compares with a profit of A$94.4m at the same stage of the previous year.

An extraordinary loss arising from currency movements brought the final deficit for the nine months to A$20.4m.

MIM said that metal prices constituted the most significant factor behind the losses. While zinc prices showed a small rise over the previous year, both copper and lead continued to fall, and the silver price was sharply lower.

In spite of these factors, the group's major metals operations traded at a small profit, but a *fall of A$102.3m in sales revenue*, coupled with a 17 per cent increase in the cost fo sales, briught about the net loss.

MIM said that its joint venture activities at the nickel-producing Agnew, and Teutonic Bore, which *produces copper and zinc*, returned unsatisfactory results, reflecting both low metal prices and operating difficulties. Some progress has ben made towards overcoming the latter.

The group added that the poor results also reflect the high level of capital spending, which is aimed at extending its activities.

MIM, which recently raised A$125m through a rights issue, *has announced a further fund*-raising through a U.S.$100m floating rate note issue.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not *available as to whether dividends are* interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Drayton Consolidated Trust, Gomme, J. Hepworth, Pochin's Vehco.

Finals—Arrow Chemicals, Blockleys, *Manor National Motors, Northern Gold*smiths, Ovenstone Investments, Scottish Ontario Investment, Yorklyde.

FUTURE DATES

Interims—
Brown (Matthew) ..... May 17
Construction Holdings ..... May 20
GR (Holdings) ..... May 10
General Investors and Trustees ..... Sept 23
MEPC ..... June 1
Northern Indus. Improvement Trust ..... May 18
Trafalgar House ..... May 12

Finals—
Advance Securities ..... May 19
Alpine Holdings ..... May 18
Anglo American Corp. of South Africa ..... June 1
Beattie (James) ..... May 14
Bishopsgate Trust ..... May 17
European Ferries ..... May 12
Fine Art Developments ..... May 20
Folkes (John) Hefo ..... May 12
Foster (John) ..... May 11
Francis Industries ..... May 12
Hambros Investment Trust ..... May 20
King and Shaxson ..... May 13
Scott and Robertson ..... May 20
TR Technology Invest. Trust ..... May 13
Young Companies Invest. Trust May 12
Whitbread ..... May 17
Whitbread Investment ..... May 19

Little change in profit at TCL

SOUTH AFRICA'S **Transvaal Consolidated Land (TCL)**, the 63 per cent-owned mining arm of the **Barlow Rand** group, suffered from lower gold income in the six months to March 31.

This was, however, offset by a continuing advance in earnings from coal, which meant that the first half attributable profit of R26.55m (£14m) was barely changed from the corresponding figure for 1981, **reports Thomas Sparks from Johannesburg.**

Operating profits, which are largely derived from the coal and base metal interests, rose to R58.4m from R37.4m, but investment income, which comes mostly from holdings in the group's gold mines, *fell to R8.2m* from R12.7m.

An unchanged interim dividend of 75 cents has been declared, in spite of the fall in first-half earnings to 308 cents a share from 361 cents last time.

The 70 per cent-owned Witbank Colliery hopes that it will be granted additional export allocations within the next few weeks.

TCL itself is to build a R352m underground mine to supply an eventual 11m tonnes of coal a year to a thermal power station planned by Escom, the state electricity utility.

Staff cuts in Australia

TWO OF Australia's biggest mining concerns, **Mount Newman** and **Western Mining**, have started to trim their workforces through natural wastage because of the worldwide weakness in metal prices, **reports Ian Perkin from Melbourne.**

Mount Newman has so far lost about 150 workers under its programme, and expects to lose about the same number again over the next 12 months. The total workforce at its Pilbara iron ore mine is currently just over 4,000.

Western Mining has cut the number of employees at its Kambalda nickel mine, 400 miles east of Perth, by 40 over the past three months. The workforce now numbers 1,570 people.

Both companies have stressed that there will be no redundancies.

The two new programmes of staff cuts come only weeks after 400 men were laid off by Australian Iron and Steel, a subsidiary of BHP, following the closure of a pig iron blast furnace at Kwinana, just outside Perth.

AMIC urges consistency

THE AUSTRALIAN Government's policy of "tinkering" with tax rates as a tool of broad economic policy is having a *discouraging effect on investment* in minerals, and destroying the confidence of both investors and lenders, according to Mr Hugh Morgan, president of the Australian Mining Industry Council (AMIC).

Mr Morgan said that recent policy decisions had been taken for purely short-term reasons, and made forward planning of projects virtually impossible, **reports our Melbourne correspondent.**

He told a recent seminar on the outlook for minerals that there had been about 30 separate changes in taxation policy since 1974, and these had worked to *discourage long-term mineral* development.

Jackson 3 flows oil

THE JACKSON No 3 appraisal well drilled in the Queensland sector of Australia's Cooper Basin has produced oil at a rate of 1,120 barrels a day (b/d) from the interval 4,403 to 4,452 ft.

On Monday the well flowed oil at a rate of 340 b/d from the interval 4,315 to 4,404 ft. Jackson 3 has a target depth of 5,080 ft. Testing of the well is continuing.

Interest holders in the Naccowlah Block, which contains the Jackson oil field, are: **Santos**, 32 per cent; **Delhi** (a CSR subsidiary), 32 per cent; **Claremont Petroleum**, 10 per cent; **Vamgas**, 8 per cent; **Ampol Exploration**, 7.5 per cent, and **Oil Company of Australia**, 2.5 per cent.

The original Jackson discovery flowed oil at rates totalling in excess of 4,000 b/d. Jackson South 1 produced oil at 800 b/d.

Meanwhile, no significant hydrocarbon shows have been recorded at the Pisces 1 wildcat well drilled in the Bass Strait, off the coast of Victoria. Pisces 1 is currently drilling ahead at 2,442 metres, approximately 88 metres from its target depth.

Interests in the Pisces licence area comprise: **Union Texas Petroleum**, 20 per cent; **Cultus Pacific**, 18.75 per cent; **Ampol**, 15 per cent; **CRA Exploration**, 15 per cent; **York Resources**, 8.75 per cent; **Archean Oil**, 8.75 per cent; **Metramar**, 8.75 per cent; and **Sovereign Oil Australia**, 5 per cent.

LONDON TRADED OPTIONS

May 6, Total Contracts 1,561 Calls 1,266 Puts 295

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	300	32	1	38	—	48	7	314p
BP (c)	330	12	30	22	6	30	—	"
BP (p)	260	3	2	6	—	—	—	"
BP (p)	300	12	85	20	—	28	—	"
CU (c)	130	12	2	16	—	19	—	131p
CU (c)	140	7	20	12	—	14	5	"
Cons. Gld (c)	420	14	5	20	—	27	—	389p
Ctlds. (c)	70	19	23	23	3	—	—	87p
Ctlds. (c)	80	12½	6	15	18	19	—	"
Ctlds. (c)	90	7	30	9½	—	12	2	"
GEC (c)	800	90	25	120	—	148	—	872p
GEC (c)	850	48	35	80	—	108	—	"
GEC (p)	750	3	2	—	—	—	—	"
GEC (p)	800	9	28	17	—	20	—	"
GEC (p)	850	20	5	27	—	37	—	"
Gr'd Met. (c)	200	20	10	27	6	32	—	215p
Gr'd Met. (c)	220	6	14	14	33	18	—	"
Gr'd Met. (p)	180	2	—	5	4	—	—	"
Gr'd Met. (p)	200	6	11	10	—	14	—	"
Gr'd Met. (p)	220	13	14	19	—	24	—	"
ICI (c)	300	34	3	44	—	52	—	324p
ICI (c)	330	16	25	26	—	32	1	"
ICI (c)	360	5	10	11	—	—	—	"
ICI (p)	300	6	31	10	3	14	—	"
ICI (p)	330	16	52	22	—	26	—	"
Land Sec. (c)	280	20	4	29	—	38	—	292p
Land Sec. (c)	300	11	7	20	—	27	—	"
Land Sec. (c)	330	5	1	9	—	—	—	"
Mks & Sp. (c)	120	42	3	—	—	—	—	161p
Mks & Sp. (c)	140	22	6	25	—	30	—	"
Mks & Sp. (c)	160	8	15	11½	—	17	—	"
Shell (c)	360	64	1	74	—	—	—	414p
Shell (c)	390	38	—	48	—	58	1	"
Shell (p)	420	20	1	30	—	38	2	"
		May		August		November		
Barclays (c)	460	5	21	27	—	38	—	455p
Barclays (p)	420	3	11	8	3	15	—	"
Barclays (p)	460	13	4	23	—	27	—	"
Imperial (c)	80	18½	12	22	2	24½	—	98p
Imperial (c)	90	8	21	15	57	17½	4	"
Imperial (c)	100	2	—	8	11	11	—	"
Imperial (p)	100	4	10	6½	—	8	—	"
Lasmo (c)	300	47	3	65	—	82	—	344p
Lasmo (c)	330	20	23	45	5	65	—	"
Lasmo (c)	360	5	39	28	11	47	1	"
Lasmo (c)	390	2	—	16	5	—	—	"
Lonrho (c)	70	2	15	6½	6	9½	—	69p
Lonrho (c)	80	½	—	3	14	4½	10	"
Lonrho (p)	80	12	10	12	13	13	—	"
P & O (c)	100	53	14	—	—	—	—	145p
P & O (c)	120	33	11	35	13	39	—	"
P & O (c)	130	23	99	25	22	30	8	"
P & O (c)	140	13	178	14	44	18½	15	"
Racal (c)	360	47	3	60	20	75	2	405p
Racal (c)	390	17	64	33	26	52	—	"
Racal (c)	420	3	15	18	9	33	20	"
Racal (p)	330	1	—	3	5	5	—	"
Racal (p)	390	5	1	15	50	23	—	"
Racal (p)	420	20	5	27	—	30	—	"
RTZ (c)	420	27	7	50	1	60	—	444p
RTZ (c)	460	1	15	25	2	35	—	"
RTZ (c)	500	½	—	14	1	—	—	"
RTZ (p)	420	2	—	12	3	25	—	"
Vaal Rfs. (c)	45	2	40	4½	—	6½	—	$45
Vaal Rfs. (c)	50	¾	—	2¼	—	4	10	"
Vaal Rfs. (c)	55	¼	—	1	—	1¾	10	"
Vaal Rfs. (p)	45	2	—	4	3	6½	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$325	—	—	10	32	—	—	$334.75
GOLD C	$350	53	3.90	42	19	—	—	"
GOLD C	$375	31	0.90	41	10 A	1	23	"
GOLD C	$400	—	—	55	6 A	—	—	"
GOLD C	$425	10	0.10	—	—	—	—	"
GOLD P	$325	27	5	74	17	5	16	"
GOLD P	$350	—	—	59	29	38	31	"
GOLD P	$375	—	—	23	44	—	—	"
GOLD P	$400	—	—	—	—	1	63.50 B	"
GOLD P	$425	2	88.50	—	—	—	—	"
13¾ NL 81 87-91								
C	F.105	91	10.90	—	—	—	—	F.116
C	F.107.50	—	—	7	8.40	—	—	"
C	F.110	—	—	25	6.10	—	—	"
C	F.112.50	11	3.40	312	4	—	—	"
C	F.115	—	—	486	2.50	32	1.50	"
C	F.117.50	—	—	9	1.10	50	1.60	"
P	F.115	—	—	10	1	—	—	"
10¾ NL 80 86-95								
C	F97.50	180	6.40 B	200	7	—	—	F.104
C	F.102.50	298	1.70	—	—	—	—	"
P	F.105	200	0.40	—	—	—	—	"
P	F.97.50	200	0.10	—	—	—	—	"
P	F.102.50	—	—	200	0.90	—	—	"
11¼ NL 82 88-92								
C	F.100	—	—	20	5.70	35	6.20	F.105.70
C	F.102.50	228	3.30	28	3.50 A	—	—	"
C	F.105	112	1	—	—	—	—	"
C	F.107.50	—	—	—	—	30	1.30	"
P	F.105	—	—	200	1	20	1.50	"
		July		Oct.		Jan.		
ABN C	F.300	40	5.50	—	—	—	—	F.294.50
ABN C	F.280	20	1	—	—	—	—	"
AKZO C	F.25	—	—	15	4.60	—	—	F.29.60
AKZO C	F.27.50	12	2.20	—	—	—	—	"
AKZO C	F.30	45	1.20	9	1.80	—	—	"
AKZO C	F.32.50	—	—	33	1	—	—	"
AKZO P	F.27.50	70	0.70	—	—	—	—	"
AKZO P	F30	51	2.50	—	—	—	—	"
AMRO C	F.50	20	5.50	6	5.80	—	—	F.55.50
AMRO C	F.55	25	1.50	15	2.40	6	2.80	"
HEIN C	F.55	3	5.30 B	—	—	—	—	F.59.90
HEIN C	F.60	—	—	2.50	2.50	—	—	"
HEIN P	F.55	10	1.20	—	—	—	—	"
HOOG C	F.17.50	—	—	10	1.50	—	—	F.16.80
KLM C	F.100	24	11 B	4	15.10 B	—	—	F.106.30
KLM C	F.110	33	6.20	3	9.70 B	—	—	"
KLM C	F.120	35	3	25	5.20 B	10	7.50	"
KLM P	F.90	—	—	6	2.90	—	—	"
KLM P	F.100	15	3.60	10	5.80	—	—	"
KLM P	F.110	11	8.50 A	—	—	—	—	"
NEDL C	F.120	96	10.50	4	11 B	—	—	F.130
NEDL C	F.130	199	3.20	23	5	—	—	"
NEDL C	F.140	—	—	4	2	—	—	"
NEDL P	F.110	87	1.50	12	3	—	—	"
NEDL P	F.120	58	5.80 B	5	7.50 A	—	—	"
NEDL P	F.130	6	12.20	—	—	—	—	"
NATN C	F.115	10	3.30	—	—	—	—	F.118.10
PHIL C	F.20	76	5.10	—	—	—	—	F.25.20
PHIL C	F.22.50	99	2.60	5	2.90 B	—	—	"
PHIL C	F.25	318	1	14	1.60	44	2	"
PHIL C	F.27.50	—	—	56	0.70	57	1	"
PHIL P	F.25	7	1.30	—	—	11	2	"
RD C	F.80	10	12.50 B	—	—	—	—	F.92.50
RD C	F.90	49	4	26	5.60	—	—	"
RD C	F.100	24	1	21	1.80	22	3	"
RD P	F.80	—	—	10	1.10	—	—	"
RD P	F.90	5	3.50	4	4.70	—	—	"
UNIL C	F.150	12	9	—	—	—	—	F.158.10

TOTAL VOLUME IN CONTRACTS: 5428

A=Asked B=Bid C=Call P=Put

BANK RETURN

	Wednesday May 5 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,890 457	+ 2,318,406
Bankers Deposits	428,721,184	— 143,211,862
Reserve and other Accounts	1,687,122,700	+ 20,585,712
	2,169,287,341	— 120,307,844
Assets		
Government Securities	491,552,755	+ 24,530,000
Advances & other Accounts	1,109,162,088	— 7,634,485
Premises Equipment & other Secs.	540,495,952	— 144,908,005
Notes	27,848,043	+ 7,700,166
Coin	227,503	+ 4,480
	2,169,287,341	— 120,307,844
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,750,000,000	+ 100,000,000
In Circulation	10,722,151,957	+ 92,299,834
In Banking Department	27,848,043	+ 7,700,166
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,216,931,620	+ 588,036,805
Other Securities	7,522,053,280	— 488,036,805
	10,750,000,000	+ 100,000,000

RESULTS AND ACCOUNTS IN BRIEF

RELYON PBWS (bedding plastic foam)—Results for 1981 already known. Shareholders' funds £4.78m (£4.31m); net current assets £3.26m (£2.92m); increase in liquidity £592,810 (£1m). Meeting, Beam Bridge Hotel, Wellington, Somerset, May 28, at noon.

HUNTING PETROLEUM SERVICES—Results for 1981 and prospects reported April 29. Shareholders' funds £12.3m (£8.79m); fixed assets £19.93m (£12.27m); net current assets £835,000 (£1.22m). Meeting: 243, Knightsbridge, SW, June 9, at 12.20 pm.

PENTOS (industrial holding company)—*Results for 1981 and prospects* reported March 12 Shareholders' funds £13.01m (£16.7m). Fixed assets £9.71m (£11.98m); current assets £31.4m (£40.74m), including debtors £11.9m (£15.28m) and stock and work in progress £17.62m (£23.18m); current liabilities £24.98m *(£28.97m), including bank borrowings* £3.12m (£4.94m). Meeting: Brown's Hotel, Dover Street, W, June 8, noon.

HEADLAM SIMS AND COGGINS—(footwear manufacturer)—Results for 1981 reported April 20. Fixed assets £626,595 (£502,478); net current assets £1.61m (£1.54m); shareholders' funds £2.23m (£2.03m); increase in working capital £269,862 (£218,296).

DORANAKANDE RUBBER ESTATES—*Pre-tax profit for 1981* £45,[illegible] (£48,507), including share of associates £5,088 (£6,690). Tax £14,[illegible] (£12,269). Stated earnings per share 4.18p (4.51p). Final dividend 2p (same), making 3p net (same).

JAMES NEILL HOLDINGS (general engineer)—Results for 1981 reported *April 28. Shareholders' funds* £25.1[illegible]m (£28.39m); fixed assets £15.[illegible]m (£19.42m); net current assets £22.[illegible]m (£26.28m).

STERLING CREDIT GROUP—Results for 1981 already known. Properties held for investment £9.52m (nil); fixed assets £507,000 (£491,000); bank and cash *balances £857,000 (£307,000)*; net current assets £200,000 (£1.07m liabilities); shareholders' funds £10.17m (£226,000 deficit). Meeting: 10 St. Mary at Hill, EC, May 24, at 10 am.

COMMODITIES AND AGRICULTURE

Zambia to import maize

By Michael Holman

ZAMBIA expects to import 400,000 tonnes of maize this year at a cost of $74m, Mr Naumino Mundia the Prime Minister, said yesterday. The likely sources of this staple food are Zimbabwe and South Africa.

The country's Commercial Farmers Bureau (CFB) warned recently that poor rains had caused a drop in maize production from 7.9m bags last year to around 6m bags this season. Domestic demand is 7.2m bags a year, plus a further 1m bags for feedstock. This would leave a shortfall of around 2m bags (380,000 tonnes), but the Prime Minister's comments indicates that the anticipated crop is lower than the CFB forecast.

The South African price of maize has been increased 15.9 per cent to 155.3 Rand per tonne, effective immediately, agriculture minister Pietie du Plessis said, Reuter reports from Capetown. The gross producer price will rise to R155.05 and the net price to R134.05.

Danes curb meat exports

By Hilary Barnes in Copenhagen

DENMARK has decided to halt all fresh meat and livestock exports to the EEC from Zealand, following the spread of the foot and mouth disease outbreak to the island, the Minister of Agriculture said. The measure will apply provisionally until May 12, when it will be reconsidered.

The decision was taken under pressure from other countries, especially from farmers in North Germany.

All transport of fresh meat from Zealand to other parts of the country, as well as all livestock movements, have been banned.

The West German government announced a unilateral ban on imports of fresh meat from Zealand, after the Danes had already announced that they were suspending exports. This caused extreme irritation to the Danish government which said it had not been notified of the German action.

U.S. minerals expansion plan

BY NANCY DUNNE IN WASHINGTON

THE HOUSE Banking Committee was yesterday expected to pass a $5bn measure which would improve the domestic mining industry and provide American-produced minerals for the U.S. strategic materials stockpile.

The legislation, an amendment to the Defence Production Act of 1950 which is due to be renewed by September, directs the President to act immediately "to provide financial assistance for the modernisation of U.S. industries which are necessary in the event of emergency or war to the manufacture or supply of national defence materials."

Such assistance, the legislation says, may be in the form of loan guarantees, loans, purchase agreements or price guarantees to domestic mining companies.

On the basis of expected price supports one company, California Nickel Corporation, has already spent $15m to open a new mine near the Redwood National Park to extract nickel, cobalt, chromite and manganese oxide.

Since its early days the Reagan Administration has expressed concern about U.S. dependence on "unstable" foreign suppliers for its strategic materials. In its minerals policy statement released last month, the Administration promised action to beef up the stockpile.

Support for the House Banking measure exists both on Capitol Hill and in the Cabinet. More than a majority of the committee members are co-sponsoring the bill.

In March Mr Caspar Weinberger, the Secretary of Defence, wrote budget director Mr David Stockman a letter saying: "We view our growing obtained by the Financial Times foreign dependency on strategic resources with increasing concern." He went on to suggest that funding for "this critical industrial preparedness authority" be provided from the Defence Department budget.

More than $1bn would be spent to train workers in skills needed for priority industries and about $4bn is designated for the minerals expansion programme.

The programme would be much like the one established in the 1950s here, which did much to encourage mining operations at the time, according to Mr James Buzier, assistant to the president of the American Mining Congress.

American farm crisis proposals

By Nancy Dunne in Washington

A COALITION of 15 Democratic farm state Congressmen and four Republicans, calling itself the Farm Crisis Group, has introduced legislation which would increase the acreage of U.S. land held out of agricultural production.

Under the proposals, designed to remedy the "inadequacies" of the 1981 Farm Bill, producers of feed grains, wheat, cotton and rice who have already signed up to participate in the 1982 set-aside programme would have the additional option of diverting another 5 per cent of their acreage and being paid for that diversion.

Currently, the Department of Agriculture has a voluntary acreage reduction programme in effect which requires a set aside of 10 per cent of the land used for feed grains, and 15 per cent for wheat, rice and cotton lands.

The Farm Crisis Congressmen hope that the additional set-aside would reduce supplies enough to stimulate prices and cut payments for "target prices," essentially a subsidy programme.

Also under the legislation, a nationwide referendum would be held in July on whether farmers will lay aside 15 per cent of their crop land for conservation purposes next year.

Reagan sets sugar curbs

BY JOHN EDWARDS, COMMODITIES EDITOR

U.S. IMPORTS of sugar will be limited to 220,000 tonnes for the period from May 11 to June 30, following the reintroduction of quotas, it was announced yesterday.

President Reagan said the sugar quotas were needed to prevent massive imports that could damage the domestic industry and cost the Administration $400m. Under the price-support programme approved by Congress last year the government is obliged to buy up surplus sugar supplies if domestic prices do not reach the guaranteed minimum level of 16.75 cents a lb.

However, the level of additional fees that can be imposed on imports is limited by the fact that it must not exceed 50 per cent of the fob value of the product. The sharp drop in world market sugar prices to an unexpectedly low figure means that the maximum import fee is inadequate to protect the domestic market and the U.S. has been forced instead to impose quotas for the first time since the U.S. Sugar Act expired at the end of 1974.

The White House yesterday issued the percentage allocations for supplying countries, which will be used to calculate the amounts that will be sent. They are based on the shipments made by supplies during the period from 1975 to 1981 when no quotas were in force. Biggest individual supplies is the Dominican Republic with 17.6 per cent followed by Brazil 14.5; Philippines 13.5 and Australia 8.3 per cent.

The quantity allocated for the third quarter—July to September—will be announced on June 15, but the quotas will automatically expire on October 1 unless it is decided to continue them.

The International Trade Commission has been instructed by President Reagan to study the impact of imports on the domestic sugar industry.

There was little reaction on the London world sugar market to the U.S. announcement since it was largely in line with expectations and had already been discounted. The London daily price for raw sugar fell again yesterday by £3 to £117 a tonne, and futures values were also easier.

Market sentiment has been depressed by reports of bumper crops in most leading cane producing countries, especially India where a massive rise in output is forecast.

Sugar statistician, F. O. Licht, raised his estimate of world production in the 1981-82 season to over 97m tonnes—even higher than some of the estimates issued recently by London brokers (E. D. and F. Man for exemple put the world crop at 96.70m tonnes). With consumption badly hit by the recession, put at only 90m tonnes a huge increase in surplus stocks is building up and some traders feel the market could well fall below £100 a tonne, especially if the Soviet crop prospects improve.

Meanwhile the EEC Commission in Brussels surprised the market yesterday by authorising the export of 32,000 tonnes of white sugar from its supplementary sales programme in addition to 10,150 tonnes under the normal weekly selling tender.

Until now the EEC has limited exports under the supplementary programme, which continues until the end of July after the normal sales end on June 16, by refusing to grant the export rebates wanted by traders. But yesterday the maximum subsidy given on supplementary subsidies was raised to 29.844 European currency units per 100 kilos, bringing it close to 30.99 units subsidy given at the weekly selling tender.

Australian fears for sugar exports

By Michael Thompson-Noel in Sydney

AUSTRALIAN sugar-growers, and the government, are alarmed at the U.S. decision to introduce import quotas on sugar.

Mr Doug Anthony, Australia's deputy Prime Minister, who is also Minister for Trade and Resources, raised the matter with the U.S. vice-president, Mr George Bush, during talks in Canberra

Mr Anthony told Parliament recently that U.S. quotas on sugar would have "severe implications" for Australia. He said he would react strongly, if, as he thought the U.S. was offering preferential treatment to Caribbean producers at Australia's expense.

After wheat, sugar is Australia's second most important export crop.

In 1981, the U.S. replaced Japan as Australia's biggest export market for sugar taking 700,000 tonnes.

Total Australian sugar production in 1981-82 is estimated at 3.43m tonnes. Value of sugar exports in 1981-82 is put at A$740m ($777m), some 30 per cent less than the previous year's record, A$1.06bn.

Producers oppose rubber buffer price cut

BY WONG SULONG IN KUALA LUMPUR

RUBBER producing countries, led by Malaysia, are lobbying to prevent an automatic 5 per cent cut in the buffer stock price range at today's session of the International Natural Rubber Organisation in the Malaysian capital.

Delegates from the 31-member pact point out that under the INRO agreement, which came into full force on April 15, there is provision for an automatic 5 per cent cut in the price range if the daily INRO indicator price average is below 179 Malaysian/Singapore cents per kilo over the previous six months.

At the two previous INRO meetings last November and March, demands by producing members for an upward revision in the price range were rejected.

Since the INRO indicator price has been below the 179 cents "may-buy" level for the past six months, the United States, the biggest consumer, is asking for the automatic price cut.

Battery hen system support

By a Correspondent

The British poultry industry is determined to stick to the present system of battery cage egg production "at all costs" until the advantages of an alternative are clearly demonstrated, the industry's leader said

No prudent producer would alter his battery houses "with all the capital outlay and cost disadvantages involved" when cage size regulations could later be changed again, British Poultry Federation chairman, Mr John Maunder told the federation's annual meeting in London.

Riding the nationalisation tiger

THE Labour Party may include in its manifesto a proposal to nationalise the rented portion of agricultural land. This would amount to around 40 per cent of the whole area, leaving the owner-occupied section unscathed for the time being.

This is a resurrection of an old idea which used to be propagated in the 30s and 40s. The reasons for this step are not particularly cogent economically, but the sponsors undoubtedly think there may be some political mileage to be gained.

At first sight this looks unlikely. The Country Landowners Association is scornful and the National Farmers Union very hostile to the idea. Farmers generally dislike the idea of more state control of anything. Unless of course there is a subsidy to go with it, in which case it can be grudgingly accepted. But there are areas where nationalisation might appeal even among the farming community.

Mr Gavin Strang MP, once a member of Labour's Agricultural Ministry team, touched on one area in a recent broadcast. This was the power and influence which ownership of large estates could bring particularly in Scotland.

There are also areas of England and Wales where the private landlord arouses mixed feelings. No one can deny that the activities of some land agents managing estates are arousing great antagonism with demands for increased rents. So are the methods used by some agents to achieve higher rents. It is quite possible that in a few years time a proportion of tenants, exasperated by what they consider the rapacity of the private or institutional landlords, would look kindly to any proposal likely to get them off their backs.

In this they could well be jumping out of the frying pan and into the fire. The State in various guises already owns and lets a sizeable area of farm land. It is managed by land agents who have the same training as those in private practice. For the past 20 years, I understand, they have been instructed to exact the highest commercial return from all the assets they control. It is very unlikely that the politicians will instruct their agents to be particularly gentle to tenant farmers.

The Labour Party's proposal claims that nationalisation of rented farmland will increase the number of farms available to rent particularly for the young farmers. But they do not say how this will be achieved. It is unlikely that the party will rescind the legislation which gives farmers security of tenure over two generations which they themselves brought in in 1976. The only way the State could bring this about would be by sub-dividing any large farms which happened to be taken in hand.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES gave ground on the London Metal Exchange following the rise in sterling. COPPER drifted to close at £897.5 and ZINC eased back to £422.75 while hedge and "computer" selling depressed LEAD to £333. ALUMINIUM was finally £566.25 and NICKEL £2,897.5, the latter reflecting speculative selling pressure. TIN closed at £7,290 following a quiet day's trading.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
HighGrde				
Cash	868.5-9	+1.5	867.5-8.5	−5.5
3 mths	898-.5	+.5	897.5-8	−5.5
Settlem't	869	+1.5	—	......
Cathodes				
Cash	863.5-4.5	+2	861-.5	−5.75
3 months	892-3	+.75	891-.5	−4.25
Settlem't	864.5	+1.5	......	......
U.S. Prod.	—	—	*76-9	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £868.50; three months £900.00, 899.50, 99.00, 99.50, 98.00, 98.50, 99.00, 98.50, 98.00, 98.50. Standard: Cathodes, cash £864.00. Kerb: Higher Grade, three months £898.00, 97.50, 97.00, 96.50. Afternoon: Higher Grade, three months £899.50, 99.00, 98.50, 98.00, 97.50, 98.00, 97.50. Cathodes: Three months £891.00. Kerb: Higher Grade, three months £897.50, 97.00, 97.50. Turnover: 21,800 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	7115-20	−30	7105-10	−37.5
3 months	7300-15	−18	7290-5	−30
Settlem't	7120	−38	—	......
Standard				
Cash	7115-20	−30	7105-10	−37.5
3 months	7290-5	−35	7290-5	−30
Settlem't	7120	−30	—	......
Straits E.	‡829.40	—		......
NewYork	—	......		

Tin—Morning: Standard, cash £7115; three months £7310, 7290, 7300. Kerb: Standard, three months £7925. Kerb: Standard, three months £7290, 95. Afternoon: Standard, cash £7115, 10; three months £7300, 7290. Turnover: 1,005 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	320-.5	−5.25	319-.5	−4.75
3 months	333-.5	−4.75	332-.5	−5
Settlem't	320.5	−5.5	—	......
U.S. Spot	—	......	*268	......

Lead—Morning: Cash £320.00; three months £337.00, 36.50, 35.50, 35.00, 34.00, 33.50. Kerb: Three months £333.50, 33.00, 32.50. Afternoon: Three months £332.50, 33.00, 32.50, 32.00. Kerb: Three months £33.00, 33.50. Turnover 9,800 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	418-.5	−4	416-7	−5.25
3 months	423-.5	−4.5	421.5-2	−5.75
S'ment	418.5	−4	—	......
Primw'ts	—	......	*35	......

ZINC—Morning: Cash £418.50, 18.00; three months £425.00, 24.00, 23.50, 23.00, 23.50. Kerb: Three months £422.50, 23.00, 23.25, 23.00, 22.50. Afternoon: Three months £423.00, 22.00, 21.50. Kerb: Three months £422.00, 21.50, 22.00, 23.00. Turnover: 11,950 tonnes.

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	545-.5	−5.75	544.5-5.5	−5.25
3 months	567-.5	−6	567-.5	−5.25

Aluminium—Morning: Three months £568.00, 67.50, 67.00, 67.50. Kerb: Three months £567.50, 67.00. Afternoon: Three months £568.00, 68.50, 69.00, 69.50, 68.00, 67.50. Kerb: Three months £567.00, 66.50, 67.00, 66.50, 66.00. Turnover: 21,850 tonnes.

Nickel—Morning: Three months £2960, 50, 25, 30, 25, 20, 25. Afternoon: Three months £2930, 25, 25, 10, 15. Kerb: Three months £2915, 10, 2900, 2985. Turnover: 870 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	2850-5	−75	2840-50	−82.5
3 months	2925-30	−88	2915-20	−80.5

* Cents per pound. ‡ M$ per kilo. † On previous official close.

SILVER

Silver was fixed 5.6p an ounce lower for spot delivery in the London bullion market yesterday at 373.1p. U.S. cent equivalents of the fixing levels were: spot 680c, down 2c; three-month 705.3c, down 1.9c; six-month 730c, down 3.25c; and 12-month 780.4c, down 5.1c. The metal opened at 371-374p (678-682c) and closed at 375-378p (682-686c).

LME—Turnover 136 (89) lots of 10,000 oz. Morning: Three months 386.1, 86.3, 86.0, 85.7. Kerb: Three months 385.5, 85.0, 84.0. Afternoon: Three months 389.0, 88.0. Kerb: Three months 388.5.

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	373.10p	−5.60	376.00p	−3.75
3 months	385.30p	−5.75	388.25p	−4.00
6 months	397.50p	−5.85	—	......
12months	422.65p	−8.30	—	......

COCOA

Futures traded within a narrow range, reports Gill and Duffus.

COCOA	Yest'day's Close	+ or −	Business Done
May	941-42	−10.0	948-39
July	972-73	−1.0	978-659
Sept.	1003-04	−1.0	1007-957
Dec.	1042-43	+1.5	1044-38
March	1075-77	+3.5	1077-61
May	1094-96	+2.0	1193-9
July	1113-15	+1.5	1115

Sales: 2,426 lots of 10 tonnes.

ICCO—Daily price for May 6: 80.04 (79.69). Indicator price for May 7: 79.87 (80.02).

COFFEE

A slightly lower New York close plus steadier sterling prompted small initial losses, reports Drexel Burnham Lambert. Values remained in a narrow range but gradually erased earlier losses.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1181-85	−19.0	1200-81
July	1150-51		1157-43
Sept	1111-13		1115-04
Nov	1101-03	−2.5	1105-90
January	1095-00	−5.5	—
March	1085-90	−5.0	—
May	1087-90	−6.5	—

Sales: 1,777 (3,230) lots of 5 tonnes.

ICO Indicator prices for May 5 (U.S. cents per pound): Comp. daily 1979 122.71 (123.15); 15-day average 123.05 (123.14).

GAS OIL FUTURES

Keen U.S. commission-house buying kept the market steady until it came off on a sharply weaker physical market and optimistic news from the Falklands. A strong New York opening steadied prices which remained firmer through to the close, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
May	[illegible]		
June	283.25		
July	279.50		
August	279.50		
Sept.	282.50		
Oct.	285.00		
Nov.	[illegible]		
Dec.	[illegible]		
Jan.	[illegible]		

Turnover: 4,089 (3,198) lots of 100 tonnes.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 567.0, 569.0, 570.5-565.0; July 557.0, 565.1-567.0; Oct 525.0, 526.0, 528.5-525.0; Dec 526.0, 526.0, 526.0; Mar 530.0, 532.5, 533.5-530.0; May 534.0, 536.0, 538.0; July 543.0, 544.0, 543.0; Oct 542.0, 545.0, 543.5. Sales: 246.

GRAINS

Old crop wheat opened 20p lower, the rest were unchanged. Old crop wheat traded unsteadily which brought about a lack of interest. New crops continued firm with good general interest, Acli reports.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or −	Yest'rd'ys close	+ or −
May	120.45	−0.30	113.70	—
July	123.95	−0.45	—	—
Sept	108.70	+0.15	104.65	+0.25
Nov	112.50	+0.20	108.50	+0.35
Jan	116.55	+0.16	112.40	+0.25
Mar	120.05	+0.05	115.65	+0.20

Business done—Wheat: May 120.35-180.30, July 124.25-123.90, Sept 108.65-108.55, Nov 112.50-112.30, Jan no trades, Mar 120.00 only. Sales: 167 lots of 100 tonnes. Barley: May no trades, Sept 104.60-104.25, Nov 108.40-108.10, Jan 112.30-112.25, Mar 115.55 only. Sales: 132 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent May 10/June 10 112.75, June 112.25, July 110.50 transhipment East Coast. English Feed fob May 124 Boston, June 125.50, Sept 112, Oct/Dec 116.25 sellers East Coast. Maize: S. African White/Yellow May/June 90.50 seller. Barley: English Feed fob May 118.50, July 119.50 East Coast, Aug 107 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 111.90, N. West 112.60. The UK Monetary Coefficient for the week beginning Monday May 10 is expected to change to 0.931.

RUBBER

The London physical market opened slightly steadier, attracted little interest through the day and closed very quiet. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 206.5 (199.0) cents a kg and SMR 20 181.5 (177.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	56.50-57.50	56.20-58.00	—
July	57.10-57.50	56.80-57.50	—
Jly-Sept	57.40-57.50	57.90-58.00	58.00-57.50
Oct-Dec	58.60-58.70	58.60-58.70	58.80-58.60
Jan-Mar	60.40-60.50	60.50-60.70	—
Apl-Jne	62.30-62.50	62.50-62.70	—
Jly-Sept	64.30-64.60	64.20-64.30	—
Oct-Dec	66.20-66.60	66.10-66.50	—
J'n-Mch	67.90-68.50	68.00-68.10	68.30

Sales: 60 (264) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 56.00p (same); June 53.25p (53.00p); July 54.00p (53.75p).

SUGAR

The market opened £1.00 lower and thereafter was confined within a narrow range, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	124.60-24.65	125.75-25.85	127.25-25.50
Oct	129.75-30.00	131.50-31.50	132.50-28.75
Jan	133.00-34.00	134.00-35.00	134.50
March	140.80-41.20	142.40-42.50	143.25-40.25
May	144.50-45.00	145.50-46.00	144.75-43.50
Aug	148.50-49.25	150.25-51.00	149.00
Oct	152.50-55.00	156.00-56.00	—

Sales: — (5,325) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £223.50 (£255.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 5: Daily price 8.48 (8.25); 15-day average 8.93 (9.03).

LONDON DAILY PRICE—Raw sugar £117.00 (£119.00) a tonne cif May-June shipment. White sugar daily price £144.00 (£145.00).

SOYABEAN MEAL

The market opened lower on commission house selling, reports T. G. Roddick. Prices remained under pressure and with stop-loss selling into the day, closed on the lows.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
June	155.00-55.2	−1.80	156.50-55.20
August	153.80-54.1	−1.95	155.00-54.00
October	154.00-54.2	−2.45	155.00-54.20
Dec	157.50-57.7	−2.40	158.00-58.50
Feb	140.50-41.7	−1.75	—
April	142.00-46.0	−1.00	—

Sales: 286 (625) lots of 100 tonnes.

SOYABEAN OIL—The market opened $3.00 lower on lack of consumer interest and remained within a narrow range. Closing prices and business done (U.S. $ per tonne): June 504.50-06.00, 505.00; Aug 506.50-07.00, 508.50-06.00; Oct 508.0-08.50, 510.00-08.00; Dec 511.00-11.50, 513.00-10.00; Feb 516.50-17.00, 519.50; April 519.00-20.00, untraded. Turnover: 117 (140) lots of 25 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes. Slack trading continued, there being a tendency on the part of customers to operate with considerable caution. Minor purchases were mentioned in certain American type varieties.

POTATOES

LONDON POTATO FUTURES—The market reacted little to overnight rain, closing slightly down in thin trade, reports Coley and Harper. Closing prices: Nov 64.00, −0.20 (high 64.60, low 64.00); Feb 74.20, −0.20 (high 74.50, low 74.00); April 86.20, −0.30 (high 86.50, low 86.00); May 93.40, −0.10 (high 93.80, low 93.00). Turnover: 173 (149) lots of 40 tonnes.

*

HIDES—Manchester: second clears. Ox: 31-35.5 kg, 61.1p a kg (62.0); 26-30.5 kg, 69.6p a kg (69.3); 22-25.5kg, 73.6p a kg (80.1). Light cows: 25.5kg, 71.2p a kg withdrawn (70.2p a kg withdrawn).

*

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £6.00-£7.00, codlings £4.40-£5.30; large haddock £5.70-£6.40, medium £5.00-£5.80, small £3.20-£4.20; medium plaice £5.50-£7.30, best small £4.50-£5.50; skinned dogfish (medium) £8.50; lemon sole (large) £10.00, (medium) £9.00; rockfish £3.30-£4.00; saithe £3.20-£3.60.

*

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 83.3 to 87.5; Ulster hindquarters 100.0 to 103.0, forequarters 58.0 to 62.0; Eire hindquarters 100.0 to 104.0, forequarters 56.0 to 60.0. Veal: Dutch hinds and ends 120.0 to 128.0, hinds and ends (limited supply) 127.0. Lamb: English small (new season) 102.6 to 108.6, medium (new season) 100.0 to 106.0, heavy (new season) 96.0 to 100.0; imported—New Zealand PL 64.0 to 65.0, PM 63.5 to 64.0, PX 61.0 to 62.0, YLs 61.0 to 62.0. Hoggets: English 74.0 to 90.0. Pork: English, under 100 lb 39.0 to 55.0, 100-120 lb 45.7 to 54.5, 120-160 lb 39.3 to 51.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 102.88p per kg lw (+2.65). UK—Sheep 218.94p per kg est dcw (+3.59). GB—Pigs 73.83p per kg lw (+3.56).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Cyprus: 15-kg Valencia Lates 3.00-5.50; Jaffa: 20-kg Shamouti 50 5.50, 60 5.70, 75 5.50, 88 4.80, 105 4.80, 123 4.60, 144 4.50, 168 4.50; Moroccan: 16-kg Valencia Lates 48/112 3.50-5.50. Topaz—Jaffa: 53/80 4.40-5.60. Lemons—Spania: trays 5-kg 40/50 1.40-1.80; Jaffa: 16-kg 90/105 4.50-5.00; Outspan: 15-kg 80/120 4.50-6.00; Italian: 100/120 3.50-4.00. Grapefruit—U.S.: 16/17-kg, Florida Ruby 7.00-8.00; Cyprus: small cartons 17-kg 3.00-4.80; Jaffa: 20-kg 27 4.25, 32 4.45, 36 4.45, 40 4.65, 48 4.95, 56 4.95, 64 4.75, 75 4.50, 88 4.00. Ortaniques—Jamaican: 46/126 3.00-5.00. Apples—French: Golden Delicious 9-kg 4.40-4.80, 18-kg 8.50-9.50; Australian: Granny Smith 11.50-12.60; New Zealand: 18-kg Cox's Orange Pippins 13.00-15.00, Red Delicious 12.00-12.50; Chilean: 18-kg Granny Smith 10.50-11.00; S. African: Granny Smith 11.00-12.00, Golden Delicious 10.50-12.00, Starkcrimson 11.00-12.50; U.S.: 18-kg Red Delicious 9.00-13.00; Tasmanian: Cox's Orange Pippins 18-kg 12.00-14.00. Pears—S. African: 15-kg Packham's Triumph 9.50-10.00, Beurre Bosc 34-lb 7.80-8.40, Comice 34-lb 9.50-11.00; Australian: Packham's Triumph 12.00; Italian: Per pound Passacrassano 0.14-0.16. Peaches—Israeli: 18/27 3.60-3.80; U.S.: 32 15.00. Grapes—S. African: Barlinka 5.30, New Cross 6.80-7.00; Chilean: 5-kg Thompson 7.50-8.50, Red Emperor 5.00. Strawberries—Spanish: 8-oz 0.25-0.30; Italian: 8oz 0.30; Belgian: 0.40; U.S.: 12-oz 1.20. Melons—Senegal: Charentais 7/12 7.00-8.00; Chilean: 15-kg White 5.00-6.00, Green 6.00-7.50; Guatemala: 10-kg White 4.00-4.50; Colombian: 10-kg Green 4.80-5.50; Spanish: Galia 5.00-9.00. Water-Melons—Spanish: 16-kg 9.00; U.S.: 13.00. Pineapples—Ivory Coast: Each 0.40-1.00; S. African: 5/7 4.20-4.80. Bananas—Colombian: 40-lb boxes 9.20-9.40. Avocados—Israeli: 3.00-3.40; S. African: 3.00-3.50. Mangoes—Kenyan: 8/16 4.00-5.00; Venezuelan: 7.00; Mexican: 8.00; Mali: 5.00. Tomatoes—Dutch: 6-kg "A" 6.00-6.20, "C" 5.80-6.00; Guernsey: Pink 6.00. Onions—Chilean: 3/5 6.20-6.50. Capsicums—Canary: 6-kg Green 2.50-3.00, Red 6.00-6.50; Dutch: 5-kg Green 6.50, Red 9.00, Yellow 10.00, White 10.00, Purple 10.00; Spanish: Green 2.00-3.00. Spring Greens—French: 27/28-lb 2.50-3.00. Cabbages—Dutch: White 6.00-6.50, Red 4.00-4.50. English Produce: Potatoes—Per 55-lb, White 4.80-5.30, Red 5.00-5.80, King Edwards 4.80-5.50; per pound new 0.40. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.20-0.34. Pears—Per pound Conference 0.16-0.30. Lettuce—Per 12, round 0.80-1.20, Cos 10's 2.20-2.30, Webb's 12's 1.80-2.00. Onions—Per 55-lb 40/60 mm 2.50-3.50. Spring Onions—Per bunch 0.08-0.10. Carrots—Per 26/28-lb 2.00-4.00. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Rhubarb—Per pound, outdoor 0.08-0.14. Leeks—Per 10-lb 1.00-1.50. Parsnips—Per 26/28-lb 1.20-1.60. Cucumbers—Per package 2.20-2.40. Tomatoes—Per pound D/E 0.35-0.60. Cauliflowers—Per 12 Kent 3.50-5.00. Asparagus—Per pound 0.70-1.30. Strawberries—Per 8-oz 0.80-1.00. Celery—Per 12/30 5.50-

PRICE CHANGES

In tonnes unless otherwise stated.

	May 6 1982	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$985/1015	......	$985/1015
Copper			
Cash h grade	£868	−5.5	£835.75
3 mths	£897.75	−5.5	£863.25
Cash Cathode	£861.25	−3.75	£831
3 mths	£891.25	−4.25	£858.5
Gold troy oz	$336.25	−0.25	$353
Lead Cash	£319.25	−4.75	£323.5
3 mths	£332.25	−5	£335.25
Nickel	£3974	−48	£3926
Free mkt	239/269c	......	248/278c
Platin'mtr oz'y	£260	......	£260
Freemkt	£170.90	......	£194.75
Quicksilver†	$570.380	......	$375/385
Silver troy oz	373.10p	−5.60	425.30p
3 mths	385.30p	−5.75	438.10p
Tin Cash	£7107.5	−37.5	£7157.5
3 mths	£7292.5	−30	£7378
Tungsten22.0lb	$106.98	......	$120.32
Wolfrm 22.4lbs	$106/110	......	$103/108
Zinc Cash	£416.5	−5.25	£403.5
3 mths	£421.75	−5.75	£409
Producers	$860/900	......	$860/900
Oils			
Coconut (Phil)	$500u	+5	$525
Groundnut	$680v	......	$655
Linseed Crude	‡	......	‡
Palm Malayan	$512.5v	+5	$512.5
Seeds			
Copra Ph lip	$340	......	$340
Soyabean (U.S.)	$274.5	......	$272.25
Grains			
BarleyFut. Sep	£104.65	+0.25	£103.45
Maize	‡	......	£135.5
Wheat Fut.July	£123.95	−0.45	£121.05
No.2HardWint	‡		‡
Other commodities			
Cocoa ship't*	£993	−1	£973
Future July	£972.5	−1	£962
Coffee Ft' July	£1150.5	......	£1186.5
Cotton A.Index	76.55c	+0.1	71.15c
Gas Oil June	$283.25	−4.25	$273
Rubber (kilo)	56p	......	53p
Sugar (Raw)	£117u	−2	£146
Woolt'ps 64s kl.	401p kilo	−1	383pkilo

‡ Unquoted. x May. v June. y April-May. u May-June. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

GOLD MARKETS

Gold showed little change in fairly quiet London bullion trading yesterday. It fell $¼ to close at $335¾-336¾, after opening at $334¼-335½. The metal was fixed at $335.25 in the morning, and $334.50 in the afternoon, falling to a low of $332¾-333½, and touching a peak of $336-336¾.

In Paris the 12½ kilo gold bar was fixed at FFr 65,750 per kilo (340.07 per ounce) in the afternoon, compared with FFr 66,000 ($340.99) in the morning, and FFr 67,250 ($345.02) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 25,010 per kilo ($336.98 per ounce), against DM 25,680 ($343.99) previously, and closed at $334-335, compared with $338½-339.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $334.50 per ounce.

In Zurich gold finished at $333-$336.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	£ per troy ounce		
August	189.90-0.10	−2.300	190.50-88.15
Sept'mb'r	191.50-2.00	−2.550	—
October	195.50-5.65	−2.675	195.40-2.70
November	195.20-6.00	−2.775	195.40

Turnover: 1,528 (1,158) lots of 100 troy ounces.

	May 6		May 5	
Gold Bullion (fine ounce)				
Close	$335¾-336¾	(£184½-185)	$336-337	(£186½-186¾)
Opening	$334¼-335½	(£183½-184)	$344-344¾	(£191½-192)
Morning fixing	$335.25	(£184.305)	$341.75	(£189.493)
Afternoon fixing	$334.50	(£183.519)	$338.40	(£187.739)
Gold Coins				
Krugerrand	$346-346½	(£189½-190)	$347¼-348¼	(£192½-193)
1/2 Krugerrand	$178¼-179¼	(£97¾-98¼)	$179-180	(£99-100)
1/4 Krugerrand	$90¾-91¾	(£49¾-50¼)	$91-92	(£50½-51)
1/10 Krugerrand	$37-38	(£20¼-20¾)	$37-38	(£20½-21)
Mapleleaf	$345½-346½	(£189¼-189¾)	$346½-347¾	(£192-192½)
New Sovereigns	$81¼-81¾	(£44½-44¾)	$82-82½	(£41¾-58¾)
King Sovereigns	$94½-95½	(£52-52½)	$93½-95½	(£51¾-52¾)
Victoria Sovs	$94½-95½	(£52-62½)	$93½-95½	(£51¾-52¾)
French 20s	$73½-83½	(£40¼-45¾)	$73.70-84.00	(£41¼-46½)
50 pesos Mexico	$412-415½	(£225¾-227¾)	$413-416	(£228½-230½)
100 Cor. Austria	$325-337¾	(£178¼-179½)	$326-328	(£180½-182)
$20 Eagles	$430-435	(235½-238¼)	$430-435	(£238-241)

AMERICAN MARKETS

NEW YORK, May 6.

The precious metals and copper continued under pressure on prospects of a Falklands settlement. Cocoa rallied on arbitrage buying prompted by strength in sterling. Coffee came under selling pressure from dealers. The livestock complex was sharply higher on a firm tone to cash. The grain and soyabean complex was lower on favourable planting prospects. Heating oil rallied on a low level of product stocks, reported Heinold.

Potatoes (round whites) Nov 78.6 (78.3), Feb 89.0 (86.5), March 91.5, April 103.6-103.9. Sales: 165.

Sugar—No. 11: July 8.72-8.77 (8.71), Sept 8.93-8.96 (8.96), Oct 9.15-9.17, Jan 9.47, March 10.20-10.23, May 10.46, July 10.60, Sept 10.75-11.00, Oct 10.80. Sales: 5,920.

Copper—May 72.15-72.25 (72.50), June 72.95 (73.30), July 73.20-74.10, Sept 73.65-73.70, Dec 78.15-78.20, Jan 73.00, Mar 80.60, May 82.15, July 83.70, Sept 85.20, Dec 87.50, Jan 88.25, Mar 89.75.

¶Silver—May 679.0-691.1 (696.5), June 689.0 (692.4), July 695.0-699.0, Sept 713.0, Dec 740.2, Jan 749.8, Mar 767.4, May 785.0, July 802.6, Sept 820.2, Dec 846.7, Jan 855.5, Mar 873.1. Handy and Harman bullion spot: 688.00 (683.50).

Tin—590.00-595.00 (589.00-592.00).

CHICAGO, May 6.

Lard—Chicago loose 23.50.

Live Cattle—June 71.32-71.45 (70.32), Aug 66.70-66.62 (66.05), Oct 64.40-64.50, Dec 64.50-64.60, Feb 64.40, April 64.25.

Live Hogs—June 60.35-60.42 (59.47), July 61.55-61.45 (60.12), Aug 60.97-60.85, Oct 58.20-58.35, Dec 58.30-58.35, Feb 55.70, June 53.70, July 53.60.

‡‡Maize—May 271¾ (273½), July 281¼-281½ (282), Sept 283¼-283, Dec 285½-285¾, March 299¾, May 305½-305¾.

Pork Bellies—May 85.20-88.00 (86.55), July 87.10-86.90 (85.12), Aug 84.10-84.30, Feb 76.00-75.82, March 76.80, May 76.95, July 77.70-77.50, Aug 76.70.

†Soyabeans—May 651½-652 (655¼), July 661-659½ (668), Aug 662¼-662¾, Sept 621½-663, Nov 666-665, Jan 678½, March 683, May 705½.

¶Soyabean Meal—May 190.2 (191.6), July 189.7-189.9 (191.6), Aug 190.3, Sept 192.0-191.6, Oct 192.0-191.8, Dec 195.1, Jan 197.0-197.2, March 201.5-201.6, May 205.0-205.5.

Soyabean Oil—May 19.87 (19.99), July 20.34-20.33 (20.52), Aug 20.68, Sept 20.63, Oct 20.80-20.85, Dec 21.18-21.16, Jan 21.35, March 21.65-21.70, May 22.10-22.11.

†Wheat—May 348¾ (353), July 363½-363¾ (369), Sept 379, Dec 398¾-400, March 415-415½, May 421.

WINNIPEG, May 6

§Barley—May 123.70 (123.60), July 125.60 (125.60), Oct 127.10, Dec 128.30, March 130.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 223.89.

*Gold—May 332.5 (337.0), June 334.5-335.7 (339.8), July 339.6, Aug 342.0-343.0, Oct 350.0, Dec 355.0-356.0, Feb 364.4, April 370.0-371.0, June 380.4, Aug 388.6, Oct 396.9, Dec 405.3, Feb 413.7.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

WEDNESDAY'S CLOSING PRICES

NEW YORK, May 5.

††Cocoa—May 1632 (1620), July 1628 (16.26), Sept 1660, Dec 1717, March 1775, May 1815, July 1848. Sales: 2,120.

Coffee—"C" Contract: May 139.70-140.50 (140.76), July 124.75-125.40 (126.08), Sept 119.25-119.75, Dec 115.50-116.05, March 112.00-113.00, May 111.50, July 109.00-112.00, Sept 99.00-112.00. Sales: 1,800.

Cotton—No. 2: May 67.85 (68.00), July 68.92-68.97 (69.14), Oct 71.45-71.50, Dec 72.77-72.79, March 74.50, May 75.77-76.00, July 76.77-77.25, Oct 77.00-78.00. Sales: 4,750.

Orange Juice—May 113.75 (same), July 117.20-117.25 (117.10), Sept 120.20, Nov 122.10-122.25, Jan 124.25, March 125.65-125.80, May 127.05-127.20, July 128.45-128.60, Sept 129.85-130.00. Sales: 200.

CHICAGO, May 5.

Chicago Imm Gold—June 339.5-340.0 (346.3), Sept 350.0 (357.8), Dec 361.5, March 373.5, June 339.0, Sept 397.4.

EUROPEAN MARKETS

ROTTERDAM, May 6.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent afloat 234.75. U.S. No Two Red Winter May 162. U.S. No Three Amber Durum May 183, June 184, July 184, Aug 185, Sept 188. U.S. No Two Northern Spring 14 per cent May 187.50, June 184, July 183.50, Aug 183, Sept 184. Canadian Western Red Spring afloat 199, May 201.

Maize—(U.S. $ per tonne): U.S. No Three Yellow afloat 138, May 135, June 134, July/Sept 133, Oct/Dec 132.50, Jan/Mar 141 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports May 269.75, June 263.75, July 270, Aug 271, Sept 271, Oct 264.50, Nov 264.50, Dec 269.50, Jan 274, Feb 278, Mar 281 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein afloat 240 traded; afloat 240.50, April 239, May 236, June 234.50, May/Sept 235.50, Nov/Mar 245 sellers. Pellets Brazil afloat 249, April 247, May 246, June 245, May/Sept 245.50, Nov/Mar 253 sellers.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 360, 374, 370; Aug 390, 400, 402-400; Oct 408, 410, 410; Dec 412, 414, 416-414; Jan 414, 415, 418-416; Mar 419, 421, 424; May 427, 431, 434; Aug 433, 440, 443-442; Oct 438, 444, 444. Sales: 37.

PARIS, May 6.

Cocoa—(FFr per 100 kilos): May 1003-1010, July 1055-1075, Sept 1116-1124, Dec 1160-1170, March 1195-1205, May 1225-1235, July 1250-1260. Sales at call: nil.

Sugar—(FFr per tonne): July 1520-1540, Aug 1531-1535, Oct 1515-1525, Nov 1515-1525, Dec 1545-1555, March 1610-1620, May 1655-1660, July 1690-1700. Sales at call: 4.

INDICES

FINANCIAL TIMES

May 5	May 4	Month ago	Year ago
254.08	244.79	248.40	254.14

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	May 5	May 4	Month ago	Year ago
Spot	125.21	125.46	126.39	—
Futr's	129.55	130.20	131.06	—

(Base: December 31 1974=100)

MOODY'S

May 5	May 4	Month ago	Year ago
1000.2	1002.2	992.3	1073.9

(December 31, 1931=100)

REUTERS

May 6	May 5	M'nth ago	Year ago
1590.5	1598.4	—	1684.2

(Base: September 18, 1931=100)

Pemex to pay 17¾% on $100m Eurobond issue

BY ALAN FRIEDMAN

PEMEX, the Mexican state energy company, is paying a coupon of 17¾ per cent on its new $100m Eurodollar bond issue, illustrating graphically the premium price Mexican borrowers must pay these days to attract funds.

The news of the Pemex bond, priced at 99.65 to yield 17.91 per cent, comes just 24 hours after it was learned that Mexico was seeking up to $2.5bn in the international syndicated loan market at significantly higher interest margins than in the past.

Mexico appears to be embarked upon a policy of paying more realistic rates in its various borrowings, for itself and for its state agencies. The current $100m bond, which has a maturity of up to 12 years but an initial three-year period, was selling yesterday at around 98.

At this level, a discount of slightly above 1½ per cent, the yield would be 18.68 per cent —around 450 basis points above the U.S. Treasury bond which matures in 1985.

The Pemex bond issue is being managed by Citicorp. Bondholders will have the option every three years of redeeming the paper, but no coupon change is envisaged. There were reports last night that several Eurobond houses turned down the opportunity to co-manage the deal.

As the Eurodollar bond market strengthened dramatically yesterday (on the back of encouraging news from the U.S. about a possible budget accord), a new floating rate note issue was announced for Credit Commercial de France (CCF).

The $12m CCF floater, lead-managed by CCF and Credit Suisse First Boston, bears a spread of ¼ per cent over the six-month London interbank offered rate (Libor). The floaters mature in 14 years, but investors will have the option of redeeming in 1989 if they so desire.

The FRNs are being sold with a warrant to purchase 14½ per cent fixed-interest bonds maturing in 1992. This sweetener should help the floaters and the package is being sold at a price of 101½.

In the secondary market, prices of Eurodollar bonds gained up to ¾ point in active trading. Dealers reported a very firm undertone and said a number of new issues were waiting in the wings.

In the Euro D-mark bond sector a DM 100m eight-year issue is out for Escom, the South African electricity commission. Dresdner Bank is leading the offer, which provides a 9½ per cent coupon.

The abolition of the special Lombard rate gave rise to a cheerful market yesterday and prices were up at least ½ point last night.

In Switzerland, a SwFr 150m private placement is being arranged for Spain by Citicorp (Geneva). The five-year paper bears a 7¾ per cent coupon at par. Swiss franc foreign bond prices were up ¼ point and the City of Kobe bond performed particularly well.

In the European currency unit (ECU) market, a 40m ECU bond is being launched for Hydro-Quebec through Kredietbank Luxembourg. The seven-year paper is expected to yield 13½ per cent.

From Tokyo comes word that five major Japanese life insurance firms have been imposing self-restraint on investment in foreign currency denominated bonds lately, in order t help ease the depreciation of the yen.

Nippon Life Insurance said it had agreed to restrain such investment within 5 per cent of its assets in April and 10 per cent in May-June.

The Japanese Ministry of Finance has been asking life insurance companies to refrain from the purchase of foreign currency bonds, which appear to be a major factor in the current decline of the yen.

● A $200m eight-year bond-plus-warrant deal was announced late last night for Atlantic Richfield, the U.S. energy group. Salomon Brothers and CSFB are leading the offer, which provides a 13½ per cent coupon. Bondholders will be entitled to use a warrant to purchase 13¾ per cent paper which matures in 1990.

Slight decline at General Dynamics

By David Lascelles in New York

GENERAL DYNAMICS, a leading U.S. defence contractor, yesterday announced that its earnings in the first quarter of this year had declined slightly because of the impact of the recession on its commercial business.

Net earnings were $28.3m, or 51 cents a share, compared with $30.8m, or 56 cents, in the first quarter of 1981. Sales were off slightly, to $1.23bn from $1.24bn.

Mr David Lewis, the chairman, said the recession had affected all of the company's commercial operations. He said: "Our telecommunications, information systems and resources lines of businesses had poorer first quarters in 1982 than in 1981, while the earnings of the marine and aerospace divisions were somewhat better."

However, General Dynamics clearly expects to benefit strongly from the Reagan Administration's new emphasis on defence build-up. Mr Lewis said the company had a large number of major defence programmes under way, and several sound commercial operations which would improve when the economy picked up. General Dynamics' backlog of orders at the end of the first quarter was a record $13bn.

Mr Lewis predicted that 1982 earnings would exceed the $124m earned in 1981.

A U.S. group is 'selling its way to health.' Giles Merritt reports

Streamlined AMF divides analysts

THERE ARE times when Wall Street's straws in the wind blow disconcertingly in different directions. In the closing days of last year, Standard and Poor's (S and P), the rating agency, announced that it was raising its rating of AMF, the major U.S. leisure and industrial goods group, from its long-standing Triple B to Single A minus.

In the light of AMF's apparently lacklustre financial performance in the first three quarters of the year, the S and P accolade might have seemed puzzling, and two months later must have appeared downright eccentric when AMF disclosed a 28 per cent plunge in 1981 net profits to $42m from $58m the year before, on sales that had stagnated at $1.24bn, up only 5 per cent on the group's 1980 level of $1.18bn.

To confuse the picture further, analysts at Paine Webber had in mid-December produced a glowing "status report" on AMF, saying that it should "be viewed favourably by investors," while only a few weeks later the group received a thumbs-down when analysts at Furman Selz announced its deletion from their "Recommended List."

The clue to all these contradictory signposts lies partly in the fact that AMF, once one of the more acquisition-hungry U.S. conglomerates, now describes itself as "selling its way to health" by hiving off earlier purchases. In contrast to the 1960s and 70s, when the rather staid American Machine and Foundry Corporation, dating back to 1900, hit the acquisition trail and breathed "synergy" into activities as diverse as boat-building and bowling alleys, motorcycles and garden products, the emphasis lately has been on financial retrenchment and the pursuit of a more coherent industrial strategy.

AMF is pinning much of its hope for the future on the development of its energy-related activities. These include such high technology services to the oil business as pipeline inspection equipment and drilling and seismic exploration instruments. The contribution of those activities towards AMF's net earnings has already begun to snowball, going from 15 per cent in 1980 to 40 per cent last year. With projections of 20 to 30 per cent yearly growth in turnover, their contribution to AMF's sales is being slated to soar from $310m last year to $950m by 1986.

AMF's strategy of selling off some of the less successful acquisitions on the 1970s has found favour with Wall Street, although stockbroking analysts are not always in agreement on the best method for valuing prospects at the new style group. Its strength in the energy industry is proving a major focus of attraction

Ironically, it is AMF's growing strength in this energy services and products sector that has contributed to the analysts' contradictory assessments of the group, for with the current oil glut, these activities have been marked down despite their long-term attractions.

It is, however, AMF's determined drive to divest itself of what Mr Edward Sheridan, financial vice-president calls the "doggy businesses" that has apparently compounded Wall Street's mixed perceptions of the group's present value and future prospects. That the selling-off of peripheral or sluggish companies has been the saving of the company is in little doubt at its headquarters in White Plains, New York. But it has created an interesting division of opinion amongst the financial analysts as to how the new-style AMF should be valued.

Without the tough financial husbandry insisted on by Mr Thomas York, AMF chairman, which has cut the group's outstanding 1974 debt of $315m by some $170m and rescheduled it out of expensive short-term borrowings, AMF's debt at present interest rates would have been a crushing £500m. "Disastrous," says Mr Sheridan. "We would have been another Harvester."

Cutting AMF's debt equity ratio from over 100 to just 40 today has not only earned the group the coveted "A" rating from S and P. It has also helped facilitate the group's move into the new energy-related fields that McsKinsey consultants had identified as the "core businesses" needed to balance AMF's strength in the leisure That new strategy was decided in 1978/79, and looking back, Mr York nowadays concedes that until then, while acquisitions had by the mid-70s taken the group's sales through the $1bn a year barrier, AMF's targets had been rather unfocussed.

The sharpening up of its new industrial and technological image came with its sale for $83m last year of Harley-Davidson, the famous American motorcycle marque that had been one of the jewels in AMF's leisure products range, on a par with its Hatteras yachts, Ben Hogan golfing equipment, Head tennis rackets an dTyrolia ski bindings. But doubts as to its eventual fate at the hands of Japanese competitors led AMF to sel lthe $300m-a-year Harley-Davidson to a team of senior Harley managers in what has been seen as a milestone U.S. management "buy-out."

Had is not ben for AMF's programme of sell-outs, group sales for last year would have been around £2bn, and 1981 would not have seen $37.3m-worth of losses ascribed to discontinued operations. Even in the medium-term, though, AMF believes such temporary setbacks well worthwhile as it envisages 1984/85 turnover at $2bn to $2.5bn and operating profits at $250m, up from the 1981 pre-tax figure of $175m.

On Wall Street, however, there remains disagreement as to how the streamlined AMF group should be valued, and it is a division that seems relevant to the other U.S. conglomerates now seeking an industrial rationale to their activities.

One view is that the group's companies should be valued as an aggregate, the other that they should each be assessed in terms of performance in their own industrial sector. The former is sometimes described as "synergy turned inside out," for the sum of the subsidiaries is worth less than the parts.

To AMF, the existence of these two schools of thought is more than a matter of academic interest. The separate valuation of its subsidiaries yields a $32 per share value, and the aggregate valuation only $22. The major consolation, tough, is that both "camps" of analysts appear to endorse the group's overall strategy.

Increase in international borrowing

By Our Euromarkets Staff

THE VOLUME of funds raised on international capital markets in April totalled $16.5bn, well above the average monthly volume of $13.8bn registered in the first quarter of this year, according to the latest figures from the Organisation for Economic Cooperation and Development.

The rise was due to an increase in completions of medium and long-term syndicated loans, which were about $4bn higher than in March at $10.6bn. This was largely because of bullion dollar financings for Mexico and Denmark.

Opening quarter at Nova hit by Husky Oil loss

BY ROBERT GIBBENS IN MONTREAL

NOVA CORPORATION, the major western Canada energy group, has reported lower first quarter profits, partly because of a loss by its 68 per cent owned Husky Oil subsidiary.

Nova, which is a major gas transmission company in Alberta, has interests in oil and gas production, and petrochemicals. It earned C$27.4m (U.S.$24.9m) or 17 cents a share in the March quarter against C$35.6m or 26 cents a share on revenues of C$730m against C$600m.

Earnings from gas transmission and manufacturing interests were better. Husky is expected to make a positive contribution for the full year.

Husky Oil, which has production operations in Canada and the U.S., as well as refining and market interests in both countries, showed a loss of C$10.4m against a profit of C$24m or 30 cents a share a year earlier. Revenues were C$631m against C$347m.

The first quarter was adversely affected by high interest rates, higher federal and provincial taxes on production, and lower crude oil and refined product prices in both Canada and the U.S.

Columbia down at nine months

By Our Financial Staff

NINE-MONTH earnings at Columbia Pictures Industries —which is about to merge with Coca-Cola—show a slight fall, from $34.2m to $31.6m. At share level, however, the total shows an improvement from $3.42 to $3.81, reflecting the reduction of stock in issue. Sales for the nine months are $566m against $497.7m.

The third quarter brought a gain in net earnings to $8.7m or $1.02m from $7.8m.

Columbia, whose box office successes have included Close Encounters of the Third Kind and Kramer vs Kramer, earned $44.3m in fiscal 1980-81.

Earnings slip at Overseas Shipholding

By Our Financial Staff

OVERSEAS SHIPHOLDING, one of the world's largest bulk shippers, has weathered better than most the general weakness of shipping markets in the first quarter. It has been helped by medium and short-term charter arrangements which cover most of its 75-ship fleet.

Total net earnings of $21.7m or 84 cents a share for the quarter compare with $26.5m a year ago. However, this year includes a $3.3m once off gain on a ship sale, $4.2m on foreign exchange gains against $1.8m and $347,000 of investment tax credits against $1.6m.

For the whole of 1981, Shipholding earned $88.5m on revenue of $363m. A major contribution came from the group's 16 U.S.-based tankers which are all under time charters to Alaskan oil producers.

The directors said yesterday that while 72 per cent of the group's fleet was chartered until at least the end of this year and over half until the end of 1983, the number of company vessels coming on to the voyage or short-term markets had been increasing.

Steady growth for Wendy's

By Our Financial Staff

THE RATE of profits growth has been maintained in the opening quarter of fiscal 1982 at Wendy's International, the Ohio-based hamburger chain which operates throughout the U.S. and also has a modest presence in Europe. Net earnings have moved up from $7m to $8.1m or 32 cents for the quarter. Revenues jumped from $97.9m to $138.4m.

Wendy's pushed earnings ahead from $23.1m to $30.1m in fiscal 1981 and Wall Street brokers have been forecasting earnings of around $1.50 a share for the full 1982 year.

Of the 2,229 fast food restaurants in the Wendy's system, 788 are directly owned and these brought in nearly 90 per cent of last year's profits. The remaining restaurants are franchised under the Wendy's Old Fashioned Hamburgers name.

Further gains in sales are expected this year, boosted by new stores—315 are planned for this year—and improvement in margins is likely because of group plans to take into corporate hands restaurants formerly franchised.

SEC approves trading link-up

By Our Financial Staff

THE SECURITIES and Exchange Commission (SEC) yesterday approved a programme for the automated linkup of a National Association of Securities Dealers over-the-counter trading system and the intermarket trading system, beginning on May 17.

The pilot programme, which will be in operation for six months, will be used for the 30 most actively trading stocks, the SEC said.

The SEC decided to go ahead with the link-up even though the technical problems involved have not been resolved

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday May 12.

Closing prices on May 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	101⅛	102	+0¼	+0⅞	14.37
Amax Int. Fin. 16¼ 92	75	103½	103¾	+0½	+1	15.54
Amex O/S Fin. 14¼ 89	75	97¾	98¼	+0¼	+0⅝	14.72
APS Fin. Co. 16⅛ 89	75	103⅝	103⅞	+0½	+0⅞	15.33
Armco O/S Fin. 15¼ 86	50	101	101½	+0½	+0½	14.80
ATT 14¼ 89	400	101⅝	102¼	+0½	+0¾	13.78
Baker Int. Fin. 0.0 92	225	27¾	28¼	+1¼	+1¾	13.81
Burroughs Int. 15¼ 88	50	104¼	104¾	+0½	+0¾	14.49
Canadair 16⅞ 87	150	101¼	101¾	+0⅛	−0⅛	15.00
Can. Nat. Rail 14¼ 91	100	100⅜	100⅞	+0⅛	+0⅝	14.60
Carolina Power 16¼ 89	60	104¼	105¼	+0⅛	−0⅛	15.19
CIBC 16 87	100	103¾	104¼	+0⅛	0	14.96
Citicorp O/S 15 84/92	100	100⅞	101⅜	+0½	+0⅛	14.73
Citicorp O/S 15¾ 85/97	125	101⅛	101⅝	+0⅛	0	14.74
CNA 15¼ 97	75	100½	101	+0⅛	+0⅛	15.72
Con. Illinois 15⅛ 89	100	102¾	103¼	−0⅛	−0⅛	15.01
Duke Pwr. O/S 15⅝ 89	60	101⅛	101⅝	+0⅛	+1	15.12
Dupont O/S 14¼ 88	400	100¾	101¼	+0⅛	+0⅝	14.20
Dupont O/S Cap. 0.0 90	300	36⅜	37⅛	0	+0⅞	13.66
ECSC 14¾ 87	50	99⅞	100⅜	+0⅛	+0⅝	14.72
EIB 15⅝ 89	150	101¼	101¾	+0⅛	+0⅝	15.13
Ekspotfinans 14⅞ 89	50	98⅜	98⅞	+0⅛	+0⅛	14.83
Gen. Elec. Credit 0.0 92	400	29⅜	30	0	+0⅛	13.10
Gen. Elec. Credit 0.0 93	400	27⅜	27⅞	+0⅛	+0⅛	12.77
Getty Oil Int. 14 89	125	98⅝	99	+0⅛	+0⅛	14.29
GMAC O/S Fin. 15 89	100	100	100½	+0⅛	+0⅝	15.17
GMAC O/S 15¼ 85/97	100	98⅞	99⅜	+0⅛	+0⅜	15.60
Gulf Canada Ltd 14⅛ 92	100	99	99⅜	+0½	+0⅜	14.46
Gulf Oil 14⅜ 94	175	99¼	99¾	+0⅛	+0⅜	14.48
Gulf Oil Fin. 0.0 92	300	28⅝	29	+0⅛	+0⅛	13.53
Gulf States O/S 16 90	60	101	101⅝	0	+0⅛	15.69
Int.-Am. Dv. Bk. 15⅛ 87	50	100⅞	101⅜	+0⅛	+0⅛	14.89
Japan Airlines 15¼ 88	50	101⅛	101⅝	+0⅛	+0⅛	14.72
Japan Dev. Bk. 15¼ 87	50	102⅛	103⅛	+0⅛	+0⅛	14.48
Nat. West. 14¼ 91	100	100⅜	101	+0⅜	+0⅝	14.08
New Brunswick 16¼ 88	75	105	105½	+0⅛	+0⅛	15.50
OKG 15¼ 89	50	98⅝	99	+0⅛	+0⅛	15.68
Ontario Hyd. 16 91 (N)	200	105⅝	106¼	+0⅛	+0⅝	14.78
Pac. Gas & El. 15⅛ 89	80	102⅝	103⅛	+0⅛	+0⅛	14.95
Pac. Gas & E. 15⅛ 89	65	103	103⅝	+0¼	0	14.70
J. C. Penney Cl. 0.0 94	350	22¼	22⅝	+0⅛	+0⅛	13.55
Phillips Petrol 14 89	200	97⅞	98⅜	+0⅛	+0⅛	14.50
Quebec Prov. 15⅛ 89	150	100⅜	101⅛	+0⅛	+0⅛	14.99
R.J. Rynlds. O/S 0.0 92	400	29⅝	29⅞	+0⅛	+0⅛	13.48
Saskatchewan 16 89	125	104	104⅝	+0⅛	+0⅛	14.94
Spain 15⅜ 87	100	99⅞	100⅜	+0⅛	+0⅜	15.25
Statsforetag 15⅜ 87	50	100⅜	100⅞	+0⅛	+0⅛	15.62
Sweden 14⅛ 88	150	98	98⅝	+0⅛	+0⅛	14.84
Sw. Ex. Cr. 16⅛ 84/93	75	102⅛	103	+0⅛	+1⅛	14.67
Swed. Ex. Cred. 15⅝ 88	100	100⅞	101⅜	+0⅛	+1⅛	15.07
Swed. Ex. Cred. 0.0 94	200	20⅝	21⅛	+0⅛	+0⅛	14.02
Texas Eastern 15⅝ 88	75	103⅛	103⅝	+0⅛	+0⅛	14.94
Transcanada 16 89	100	101⅛	102⅛	+0⅛	+0⅛	15.47
Wells Fargo I. F. 15 87	75	101⅛	101⅝	+0⅛	−0⅛	14.57
WMC Fin. 15⅞ 89	50	99⅛	99⅝	+0⅛	+0⅛	15.56
World Bank 15⅞ 88	250	101⅛	101⅝	+0⅛	+0⅛	14.81
Average price changes... On day +0⅛ on week +0⅝						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅞ 91	300	104¼	105¼	+0⅛	−0⅛	8.86
Australia 9¾ 92	200	104⅞	105⅛	0	0	8.87
Comp. Tel. Esp. 10⅛ 92	100	101⅜	101⅞	+0⅛	+0⅛	10.24
Denmark 10 88	100	103	103¼	+0⅛	+0⅛	9.21
Denmark 10⅛ 92	200	103⅝	104⅛	+0⅛	+0⅛	9.49
EDF 9¾ 92	100	102⅛	102¾	+0⅛	+0⅛	9.40
EEC 10⅛ 93	100	104⅛	105	+0⅛	+0⅛	9.41
EEC 9⅜ 94	100	103⅜	104	+0⅛	+0⅛	9.22
EIB 9¾ 94	60	102⅜	103⅛	0	0	9.10
Inter-American 10⅛ 91	100	105⅞	106⅛	−0⅛	+0⅛	9.19
Ireland 10⅛ 86	100	101⅞	102⅛	0	0	9.40
Mexico 11 88	100	102⅛	102⅝	+0⅛	+0⅛	10.27
Mt. Bk. Denmk. 10⅛ 91	100	103⅛	103⅞	−0⅛	0	9.51
Nacnl. Financiera 11 90	150	100⅜	101⅛	0	0	10.91
Nat. West. 9¾ 92	100	105⅛	105⅝	+0⅛	+0⅛	8.94
New Zealand 9⅝ 89	200	104¾	105⅛	0	+0⅛	8.78
OKB 9⅝ 86	150	103⅛	103⅝	+0⅛	+0⅛	9.03
Quebec 10⅛ 92	100	105⅝	106⅛	0	+0⅛	9.16
Quebec Hydro 10⅛ 91	150	105⅝	106⅛	−0⅛	0	9.16
Tauernautobahn 9⅛ 94	50	103	104	0	−0⅛	9.38
Venezuela 11⅛ 91	100	101¼	101⅝	+0⅛	+0⅛	11.19
World Bank 9⅝ 89	100	102⅛	103	+0⅛	+0⅛	9.04
World Bank 10 91	250	105⅛	106⅛	+0⅛	+0⅛	9.04
Average price changes... On day +0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anset Transport 7⅛ 92	30	103⅛	103⅝	+0⅛	0	7.16
Asian Dev. Bank 8 91	80	104	104⅛	−0⅛	0	7.32
Australia 6⅛ 93	100	104⅛	104¾	+0⅛	+0⅛	6.19
Australia 6¾ 94	100	103¼	103⅝	+0⅛	0	6.47
Belgelectric 7⅛ 91	100	102⅛	102⅝	0	0	7.14
CEB Mexico 8⅛ 91	50	102	102⅛	0	−0⅛	7.69
Council of Euro. 6⅛ 91	40	100⅛	101⅛	0	−0⅛	6.29
Co-op. Denmark 8⅝ 92	25	105⅛	105⅝	+0⅛	+0⅛	7.56
Crown Zellrbch. 6⅞ 92	25	103⅞	104¼	+0⅛	+0⅛	6.37
Denmark 7⅝ 91	100	101¼	101⅝	+0⅛	0	7.04
EIB 7¾ 92	100	102⅛	103⅛	0	+0⅛	6.96
Elec. de France 7 92	100	101⅛	101⅝	+0⅛	+0⅛	6.74
ENEL 8 91	100	102⅜	103	+0⅛	+1⅛	7.53
First City Fin. 8⅛ 92	25	103⅛	103⅝	+0⅛	+0⅛	7.69
Manitoba 7⅛ 92	100	101⅝	102⅛	+0⅛	+0⅛	6.16
National Pwr. Co. 8 92	30	102⅝	103	+0⅛	+0⅛	7.51
Nippon T. and T. 6⅛ 92	100	103	103⅛	+0⅛	+0⅛	6.17
OKB 7⅝ 92	100	103⅝	103⅞	+0⅛	+0⅛	7.06
Ost. Donaukraft 7 92	100	102⅛	102⅝	+0⅛	+0⅛	6.53
Ost. Postpar 7⅛ 92	100	103⅛	103⅝	+0⅛	+1⅛	6.97
Philip Morris 6⅝ 92	100	100⅛	100⅝	+0⅛	+0⅛	6.57
Quebec 7⅛ 92	100	101⅝	102⅛	+0⅛	+0⅛	6.77
Soc. Lux. de Cnt. 8⅝ 92	80	104⅛	104⅝	+0⅛	+0⅛	7.25
Transcanada Pipe. 7 94	100	101⅛	101⅝	+0⅛	+0⅛	6.53
Vorarlberg Kraft 8⅛ 92	50	102⅝	103	+0⅛	+0⅛	6.40
World Bank 8 91	100	106⅛	106⅝	−0⅛	+0⅛	7.04
Average price changes... On day +0⅛ on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	100⅛	101⅛	+0⅛	−0⅛	8.09
Int.-Amer. Dev. 8⅛ 91	15	102⅛	103	−0⅛	−0⅛	8.45
Japan Airlines 7⅝ 87	15	97¾	98⅛	+0⅛	+0⅛	8.13
New Zealand 8⅛ 87	15	101	102	+0⅛	+0⅛	8.57
World Bank 8⅛ 91	20	100⅝	101⅛	+0⅛	+0⅛	8.24
Average price changes... On day +0⅛ on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Pac. S. 16⅛ 89 CS	50	†103⅛	104⅛	0	0	15.61
Crd. Foncier 17⅛ 89 CS	50	†105	105⅛	0	0	17.33
Montreal 17 89 CS	50	†102	102⅝	+0⅛	0	16.39
Queb. Hydro 16⅛ 89 CS	50	†101	101⅝	0	0	16.57
Quebec Prov. 17 88 CS	50	†102	102⅛	+0⅛	+0⅛	16.53
Simpsons 16⅛ 89 CS	40	†96⅝	97	+0⅛	0	17.62
Tordom Cpn. 16⅛ 88 CS	50	†99⅝	100	+0⅛	+0⅛	16.62
U. Bk. Nwy. 9⅛ 90 EUA	15	93⅛	93⅝	0	0	11.46
Algemene Bk. 10⅛ 86 Fl	60	101⅛	101⅝	+0⅛	+0⅛	9.78
Amfas Group 12⅛ 86 Fl	75	105⅛	105⅝	+0⅛	+0⅛	10.53
Amro Bank 12 86 Fl	100	105⅝	107	+0⅛	+0⅛	10.02
Phil. Lamps 10⅛ 87 Fl	100	100⅛	101	0	+0⅛	10.06
Pierson 10⅛ 86 Fl	50	100⅛	101	+0⅛	+0⅛	9.98
Rabobank 12 86 Fl	100	106⅛	106⅝	+0⅛	+0⅛	10.01
OKB 14 86 FFr	400	91⅝	92⅛	0	0	17.12
Solvay et C. 14¼ 86 FFr	200	92	93	0	+0⅛	17.53
Acona 14 85 £	20	94	95	−0⅛	−0⅛	16.04
Beneficial 14⅛ 90 £ (D)	20	88⅛	89⅛	+0⅛	+0⅛	17.16
BNP 13⅛ 91 £	15	90⅛	91⅛	+0⅛	+0⅛	15.49
CECA 13⅛ 88 £	20	93⅛	94⅛	+0⅛	+0⅛	14.89
Fin. Ex. Cred. 13⅛ 86 £	15	95⅛	97⅛	+0⅛	+0⅛	15.20
Gen. Elec. Co. 12⅛ 89 £	50	92	93⅛	+0⅛	+1	14.26
Hiram Walker 14⅛ 86 £	25	96⅛	97⅛	+0⅛	+0⅛	15.34
Privatbanken 14⅛ 88 £	12	94⅛	95⅛	+0⅛	+0⅛	16.18
Quebec 15⅛ 87 £	35	100⅛	101⅛	+0⅛	+0⅛	15.06
Reed (Nd) NV 16⅛ 89 £	25	101⅛	102⅛	+0⅛	+0⅛	15.14
Royal Trustco 14 86 £	12	96⅛	97⅛	+0⅛	+0⅛	14.94
SDR France 15⅛ 92 £	30	96⅛	97⅛	+0⅛	0	15.79
Swed. Ex. Cr. 13⅛ 86 £	20	95⅛	96⅛	+0⅛	+0⅛	14.69
Eurofima 10⅛ 87 LuxFr	500	96⅛	97⅛	−0⅛	−0⅛	11.13
EIB 9⅛ 88 LuxFr	600	93⅛	94⅛	−0⅛	−0⅛	11.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98⅛	98⅝	15/10	15.88	15.93
Bank of Montreal 5⅛ 91	0⅛	98⅛	98⅝	29/10	15⅛	15.28
Bk. of Tokyo 5⅛ 91 (D)	0⅛	99	99⅛	10/6	13⅛	13.81
Bk. Nova Scotia 5⅛ 93	0⅛	98⅛	98⅝	28/10	15⅛	15.14
BFCE 5⅛ 88	0⅛	99⅛	99⅝	28/10	15	15.06
BFCE 5⅛ 87	0⅛	99⅛	100	27/7	16⅛	16.29
CCCE 5⅛ 2002	0⅛	98⅛	98⅝	11/6	14⅛	15.06
Co-Ban Eurofin 5⅛ 91	0⅛	98⅛	99⅛	14/10	16	16.14
Credit Agricole 5⅛ 97	0⅛	98⅛	99⅛	24/9	15.44	15.55
Credit Lyonnais 5⅛ 97	0⅛	99⅛	99⅛	17/10	16	16.06
Credit Nat. 5⅛ 94	0⅛	99⅛	99⅛	9/6	14.69	14.82
Denmark, Kngdm. of 92	0⅛	†98⅛	99⅛	25/7	15.44	15.52
Den Norske Cred. 5⅛ 93	0⅛	97⅛	98⅛	4/8	13.56	13.86
Genfinance 5⅛ 92	0⅛	97⅛	98⅛	30/6	15⅛	15.56
GZB 5⅛ 92	0⅛	99⅛	99⅛	21/8	15⅛	15.28
Ind. Bank Japan 5⅛ 88	0⅛	99⅛	99⅛	9/5	13.31	13.40
Lloyds Eurofin 5⅛ 93	0⅛	99⅛	99⅛	29/4	17.13	17.28
LTCB Japan 5⅛ 89	0⅛	99⅛	99⅛	16/7	15.31	15.38
Midland Int. Fin. 5⅛ 91	0⅛	98⅛	99	30/10	15.19	15.34
Nat. West. Fin. 5⅛ 91	0⅛	99⅛	99⅛	15/7	15.19	15.24
New Zealand 5⅛ 87	0⅛	99⅛	99⅛	7/10	15.56	15.64
Nippon Credit 5⅛ 90	0⅛	98⅛	99⅛	10/8	16.06	16.15
Nordic Int. Fin. 5⅛ 91	0⅛	99⅛	99⅛	8/5	15⅛	15.18
Offshore Mining 5⅛ 91	0⅛	98⅛	99⅛	2/6	13	13.13
PKbanken 5 91	0⅛	99⅛	99⅛	17/6	14⅛	14.50
Scotland Int. 5⅛ 92	0⅛	98⅛	99⅛	12/10	15	15.57
Sec. Pacific 5⅛ 91	0⅛	98⅛	99⅛	24/5	13⅛	13.17
Societe Generale 5⅛ 95	0⅛	99⅛	99⅛	28/5	13.31	13.41
Standard Chart. 5⅛ 91	0⅛	99⅛	99⅛	19/5	13.31	13.58
Sumitomo Fin. 5⅛ 88	0⅛	99⅛	100	9/8	16	16.00
Sweden 5⅛ 89	0⅛	99	99⅛	29/6	15.31	15.43
Toronto Domin'n 5⅛ 92	0⅛	99⅛	99⅛	11/6	16⅛	16.44
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	83⅛	83⅝	+0⅛	5.92
Bow Valley Inv. 8 95	4/81	23.12	96	97⅛	+0⅛	56.68
Bridgestone Tire 5⅛ 96	3/82	470	91⅛	93⅛	+0⅛	−2.91
Canon 5⅛ 95	1/81	623	93	95	+1⅛	2.12
Daiwa Secs. 5⅛ 96	12/81	513.3	106	98	+1⅛	−1.45
Fujitsu Fanuc 4⅛ 96	10/81	5610	96⅛	97⅛	+1⅛	7.71
Furukawa Elec. 5⅛ 96	7/81	300	105	106⅛	+3	−1.29
Hanson O/S Fin. 9⅛ 96	8/81	1.35	106	107	0	7.32
Hitachi Cable 5⅛ 96	2/82	515	96⅛	97⅛	+1⅛	2.78
Hitachi Cred. Cpn. 5 96	7/81	1612	94	96	−0⅛	3.05
Honda Motor 5⅛ 97	3/82	841	82⅛	83⅛	+0⅛	2.10
Inchcape 8 96	2/81	4.38	162	164	0	21.0
Kawasaki 5⅛ 96	9/81	229	73⅛	74⅛	+1⅛	3.02
Marui 6 96	7/81	846.4	103⅛	105⅛	+0⅛	13.33
Minolta Camera 5 96	10/81	226	67⅛	68⅛	+1⅛	4.42
Minorco 9⅛ 97	5/82	8.16	106	108	0	16.84
Murata 5⅛ 96	7/81	2165	94	95⅛	+1	10.84
NKK 6⅛ 96	7/81	168	87	89	+1⅛	4.28
Nippon Chemi-C. 5 91	10/81	919	67	69	+4	7.86
Nippon Electric 5⅛ 97	2/82	946	97	98	+1	17.42
Orient Finance 5⅛ 97	3/82	1205	95	97⅛	+1⅛	14.48
Sanyo Electric 5 96	10/81	682	74⅛	75⅛	+1⅛	13.72
Sumitomo Elec. 5⅛ 97	2/82	577.3	92	93	+1⅛	−0.36
Sumitomo Met. 5⅛ 96	10/81	296.1	68⅛	70⅛	+1⅛	1.11
Swiss Bk. Cpn. 6⅛ 90	9/80	191	74	76	0	23.86
Konishiroku 6 90 DM	2/82	685	105	106	+0⅛	13.60
Mitsubishi H. 6 89 DM	2/82	263	95	96	+0⅛	12.72

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Aeritalia buys stake in Aermacchi

By Our Rome Staff

AERITALIA, the Italian state-owned aerospace company, has bought a stake in Aeronautica Macchi, the leading private sector aircraft manufacturer. The stake is said to be about 10 per cent.

Aermacchi, which is based at Varese in northern Italy, already co-operates closely with Aeritalia. The companies are working on a 50-50 basis on a new battlefield support aircraft called the AMX, which is also to be produced by the Brazilian concern, Embraer.

Until now, Aermacchi has been wholly family owned. Last year its turnover was about L135bn, on which it made profits of L5bn ($3.8m). Aeritalia had a turnover of L528bn last year and profits of L2bn ($1.5m).

Aeritalia's move is a further step in the gradual rationalisation of the structure of the Italian aircraft industry. The two main groups are Aeritalia, controlled by the state holding company IRI through its subholding Finmeccanica, and Agusta, which is controlled by EFIM, another state holding company.

Aeritalia and its subsidiaries mainly concentrate on aircraft, while Agusta is primarily a helicopter manufacturer. But Agusta has an aircraft making subsidiary called Siai Marchetti, which considers itself a rival of Aermacchi. It produces a jet trainer aircraft called the S-211 which appears to be a direct competitor of the Aermacchi MB 339. The Aeritalia takeover does not appear likely to assuage this rivalry.

The Aermacchi MB 339 has been sold to Argentina and is reported to have been sighted on the Falkland Islands.

BMW rights to raise DM 160m

BY KEVIN DONE IN FRANKFURT

BMW, the West German maker of high performance cars and motor cycles, is seeking DM 160m ($68.1m) from shareholders despite a 10 per cent cut in the 1981 dividend.

BMW's profits have been under growing pressure in the last two years as it has been unable fully to recoup higher raw materials and labour costs in higher product prices. Parent company after tax earnings dropped by 9 per cent to DM 145m for 1981.

The company is also carrying the burden of an ambitious investment programme running at about DM 1bn a year worldwide. It is concentrating on developing export marekts, renewing its model range and, above all, on rationalising and streamlining production plants.

BMW plans to to raise the capital through its first rights issue since 1978. The offer will be a one-for-five at DM 80 a share. BMW shares have been trading this week at about DM 202.

More than 60 per cent of the BMW equity is held privately as part of the Quandt family's industrial holdings in West Germany. The new shares will only be eligible for dividend payments for half of 1982.

For 1981, BMW has decided to cut its dividend to DM 9 per share from DM 10 in 1980 as a result of the squeeze on profit margins.

In terms of sales and production the group has escaped virtually unscathed, however, from the motor industry recession.

In the home market BMW managed to increase its new car registrations by 1.5 per cent to 34,544 units in the first quarter of 1982. Over the period, national new car demand fell by 7.3 per cent.

BMW car exports rose by 23 per cent in the quarter to 65,000 units compared with a general jump in West German car exports of 25 per cent.

Last year group turnover rose by 17.6 per cent to DM 9.5bn. Car production was increased by 3.1 per cent and sales by 2.9 per cent to 348,946 units.

Buoyed up by strong order books BMW is aiming to increase sales and production this year by up to 5 per cent.

Eberhard von Kuenheim, BMW chairman

Berliner Bank pays dividend of 12%

By Leslie Colitt in Berlin

BERLINER BANK increased its balance sheet total last year by 12.2 per cent to DM 10.1bn while producing net earnings of DM 17.4m ($7.4m) compared with no reported profits for 1981. A dividend of 12 per cent is to be paid.

The city-owned bank said its interest surplus was DM 266.3m, or DM 60m more than in 1980. It noted that the bank's considerable expansion of international lending was in large part the result of opening a London branch.

Berliner is the largest bank in the city. In recent years it has expanded into West Germany, where it has branches in four cities.

Berliner Bank International in Luxembourg is said to have concentrated its lending on western countries last year because of increasing risks in Eastern Europe. Loans to clients in Western industrial countries rose to more than two-thirds of total lending.

● Kaufhof, the German department store chain, proposes an unchanged 1981 dividend of DM 6 per share.

Earnings for the parent rose to DM 49.6m ($21.1m) last year from DM 46.6m.

SKF margins narrow in first quarter

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SKF, the Swedish roller bearing and engineering group, reports a SKr 11m decline in earnings to SKr 244m ($42m) for the first quarter of 1982. Sales at SKr 3.67bn were 9 per cent ahead.

Margins narrowed as a result of a continuing weak market for bearings and other precision engineered products, said SKF. Conditions for special steel sales were "not quite as unfavourable" as they were last year.

Trading income dropped from SKr 482m to SKr 455m and net financial costs were SKr 91m, compared to SKr 108m. The pre-tax profit, struck before exchange differences, corresponds to earnings of SKr 5.90 a share, against SKr 6.10.

However, earnings of SKr 244m represent a considerable recovery from the SKr 154m recorded in the last quarter of 1981 and the SKr 140m of the third quarter. For 1981 as a whole earnings totalled SKr 805m.

The annual report said last month that even a limited economic upturn would be quickly reflected in SKF's sales volumes and profit levels.

The squeeze on bearing prices was the primary factor holding back earnings in the first quarter. The pre-tax profit on bearings slipped from SKr 247m to SKr 193m, from a margin of 9.7 to 7.4 per cent of sales totalling SKr 2.5bn.

Steel products, on the other hand, turned a pre-tax loss of SKr 16m in the first three months of 1981 into a SKr 26m profit, with sales advancing from SKr 570m to SKr 650m. Earnings on cutting tools also climbed, by SKr 12m to SKr 13m.

Bastogi plans property transfer

BY JAMES BUXTON IN ROME

BASTOGI, the Italian industrial and property group, plans a recovery strategy under which it would transfer control of its property portfolio to its creditor banks.

Last year the group's capital was written down by two thirds after disastrous losses of L158.9bn ($122m). Losses for the last two years were L172.3bn. Shareholders last March approved a capital write-down from L263.7bn to L92.3bn and then voted for a subsequent increase of L46bn to return it to L138.4bn.

Sig Luigi Santamaria, chairman, said in January the company intended to bring in new participants, raise a total of L150bn in new funds and dispose of loss-making subsidiaries. At a meeting in Milan on Wednesday, shareholders approved a L92bn bond issue but so far banks are not underwriting it.

There has been no more talk of new participants in the company. Sig Santamaria said a new holding company was proposed, to be owned 75 per cent by crediter banks and 25 per cent by Bastogi. It would own Bastogi's substantial property portfolio, valued at about L350bn.

This would drastically reduce the company's short term debt, cutting debt servicing costs, which in 1981 accounted for half its loss. In return the banks would underwrite the L92bn bond. The company would be left with its industrial holdings and 25 per cent of its real estate, plus the land on which the real estate stands. This would have a total book value of nearly L400bn.

However, it is far from clear whether Bastogi shareholders would be prepared to approve such a deal, under which the company would lose most of what are usually regarded as its gilt-edged assets.

Nor is it known how and when the L46bn of new capital voted by shareholders in March will be paid up. Each new share would cost L350, against a closing price on the Milan stock exchange yesterday of L164.50.

New president for SSIH

By Our Financial Staff

MR ULRICH SPYCHER will next autumn be appointed president of the executive Board of SSIH, the Swiss watch group, following the resignation of general manager Ulrich Doenz.

SSIH was last year rescued by a SwFr 300m ($154.6m) financial package put together by six Swiss banks in the wake of a 1980 loss of SwFr 162m which could not be covered by capital and reserves.

Mr Spycher is at present vice-president of the executive Board with special responsibility for technical activities.

SAS to break even

BY OUR FINANCIAL STAFF

SCANDINAVIAN AIRLINE Systems (SAS), the combine national airline of Sweden, Denmark and Norway, is confident of meeting profit targets for 1981-82 following a rise in passenger and overall load factors in the first six months.

As a result SAS expects to break even this year, having suffered a loss of SKr 100m ($17.1m) in 1980-81.

The airline's overall load factor, counting passengers and freight, rose to 57.8 per cent compared to 54.8 per cent in the first six months of 1980-81. The passenger load factor climbed to 58.7 per cent from 55.1 per cent.

In the same period, SAS cut overall flight operations by 3 per cent and international traffic fell by 6 per cent.

Dutch electrical supplier sees losses widen

By Our Financial Staff

LOSSES at Holec NV, the Dutch electrical supply company, widened to Fl 66.3m ($25.15m) in 1981. In 1980, the loss was Fl 9.7m after the company had set aside nearly Fl 60m to reorganise and cut capacity in several industrial divisions.

The company has decided to seek a suspension of payments—the first step toward formal bankruptcy—for its large transformer division. This follows the Government's decision not to take a direct shareholding in the division.

Holec said that the reconstruction should restore a satisfactory level of earnings in the course of this year or in 1983, but declined to be more specific given the uncertainties of the market.

The growth in electricity consumption stagnated in 1981, and was reflected in a decline or postponement of investments in electrical equipment by many potential customers. The company said. The electrotechnical activities realised the biggest rop in earnings.

Holec's operating result virtually halve to Fl 6.9m last year from Fl 12.4m in 1980. Sales rose 5.6 per cent to Fl 777m.

Ahlsell reports lower earnings

BY OUR NORDIC EDITOR

AHLSELL, THE Swedish wholesale group which is about to merge with AEG-Telefunken Elektriska the former Swedish subsidiary of the West German electrical group, reports a SKr 20.6m fall in earnings to poses an unchanged dividend SKr 55.7m ($9.6m) for the year ended March, 2 1982.

Sales advanced by 5 per cent to SKr 2.4bn. The board pro- of SKr 8 a share and forecasts an improvement in earnings in the current year to about SKr 90m.

The 1982-83 upturn will result not from any increase in demand but from cost cutting and a better use of capital, Ahlsell said.

The company has been the focus of much financial interest in the past three months. It first rejected a takeover bid from Polar, the holding company owned by the Abba pop group and its manager, and was then the object of a SKr 480m bid by AEG. This was subsequently switched to a bid by Ahlsell for the AEG subsidiary.

Ahlsell holds SKr 372m in cash and liquid assets following the sale of its steel stockholding operation and a share portfolio valued at SKr 69m. It specialises in sanitary and heating equipment and other construction materials.

AEG's electrical products complement those of Ahlsell. The new concern, from which the name AEG will be dropped, will have combined sales of about SKr 4bn a year.

Ahlsell has recently negotiated the purchase of Vibamij Buttinger, the Dutch technical wholesaling company with a turnover of about Fl 230m ($88.1m) a year. Buttinger's shareholders are to receive Fl 23 a share.

Fortia sales surge ahead

BY OUR NORDIC CORRESPONDENT

FORTIA, the Swedish pharmaceutical and biotechnology group, reports a 32 per cent increase in sales to SKr 424.8m ($73.2m) for the first quarter of 1982. The pre-tax profit "more than doubled," but as quarterly reports are introduced for the first time this year, no figure is shown.

Mr Gunnar Wessman, managing director, said a strong improvement in earnings would be realised for 1982 as a whole.

Last year Fortia reported earnings of SKr 131m, up 70 per cent on 1980.

Sales by the Pharmacia company, which generates three-quarters of group turnover, grew by 35 per cent in the first quarter. Favourable exchange movements, mainly the hardening of the dollar, accounted for 15 points of the increase.

Mr Wessman urged caution in drawing conclusions from the sales advance. The comparison starts from a relatively low level, as growth was sluggish in the first three months of 1981 but picked up through the rest of the year. Nevertheless, Mr Wessman predicts that sales volume will continue to develop

Last year Fortia generated SKr 427m in new capital through stock issues, becoming the first Swedish company to issue shares in the U.S. Its debt-to-equity ratio improved from 2.0 to 0.9.

MUI bank deals to cost $180m

BY WONG SULONG IN KUALA LUMPUR

MALAYAN UNITED Industries (MUI), the diversified group and leading high-flier of the 1981 share boom, has confirmed that it will acquire majority control of two Malaysian banks at a cost of 413m ringgit (US$180m).

MUI said it would take up 63.3 per cent of Development and Commercial Bank and 50.32 per cent of Kwong Lee Bank through share exchanges. For this purpose, the one ringgit MUI shares have been valued at 4 ringgit each, against 8.5 ringgit for D and C shares and 12 ringgit for Kwong Lee shares.

The company will issue 80.7m new shares for the 37.98m D *and C Bank shares to be* acquired, and 22.64m shares for 7.54m Kwong Lee shares.

In a statement to the Kuala Lumpur and Singapore stock exchanges, MUI said it intended to merge the two banks at a later stage, making the new bank one of the largest in the country.

Of the D and C Bank shares 19.5m are held by Senator Alex Lee and 18.48m by Datuk Syed Kechik. The Kwong Lee shares are held by Chintamani Berhad Lubur Management, and Muar Management, which are controlled by Chinese businessmen in Sarawak and Johore.

Senator Lee is the son of Tun H. S. Lee, founder of D. and C. Bank and Malaysia's first Finance Minister, while Datuk Syed Kechik is probably the richest Bumiputra (indigenous Malay) in Malaysia. Both are known to be close to Dr Mahathir, the Prime Minister.

MUI said it also intends to *divest its 24 per cent stake*, amounting to 4.6m shares, in Southern Banking, to parties approved by the Malaysian authorities. The sale is likely to raise more than 100m ringgit.

D. and C. Bank, which is the *sixth-largest* of the 17 Malaysian incorporated banks, has a paid-up capital of 60m ringgit, *and 21 branches. Its pre-tax* profits for 1981 came to 18m ringgit. Total assets stood at 1.8bn ringgit at end 1981, and deposits at 1.39bn ringgit.

Kwong Lee Bank, ranked 13th in Malaysia, has a paid-up capital of 15m ringgit, and 12 branches. Its 1981 pre-tax profit was 4.4m ringgit. Assets stood at 467m ringgit at the year-end and deposits at 348m ringgit.

On completion of the takeover, Datuk Syed Kechik and Senator Lee will join the MUI board which is headed by Datuk Khoo Kay Peng.

After the bank deals, MUI's paid-up capital would be increased to nearly 400m ringgit. Only the Overseas Chinese Banking Corporation, with a paid-up capital of S$429m, will be bigger than the enlarged MUI on the exchanges.

The MUI statement said the merger of three established groups would create the necessary entreprenuerial strength, the financial resources, and the contacts, to enable the new *group to take advantage of the* growth of the Malaysian and Singapore economies and to expand.

In the past month, MUI has been the most actively traded stock in Malaysia and Singapore. Its shares rose from 3.7 ringgit to 4.4 ringgit in Malaysia at the close yesterday.

RECENT GROWTH AT MUI

	Dec. 1981 Ringgit m	Dec. 1980 Ringgit m
Gross revenue	383	272
Pre-tax profits	59	22
Net profit	45.7	12
Dividends	7.4	2.7
Paid up capital	296	64
Shareholders' funds	445	94
Total assets	850	330

Thai finance groups likely to miss equity deadline

BY JONATHAN SHARP IN BANGKOK

SCORES of Thai finance companies are theoretically in danger of prosecution for failing to comply with a law requiring them to diversify their ownership.

A 1979 divestiture law, aimed at preventing the concentration of financial power among major families, requires that by this Saturday the country's 112 finance companies should each have at least 50 small shareholders who together should own a minimum of 25 per cent of the equity.

Fewer than half the companies are expected to meet the deadline. Those who do not are technically liable to maximum fines of 100,000 baht ($4,300) plus 3,000 baht for each day of violation.

The Thai Government has not said what action, if any, it will take. Most analysts believe that the authorities, recognising the present difficulties of the financial industry, will not adhere strictly to the letter of the law.

Many of the finance companies, which take deposits and lend at higher interest rates than commercial banks, have fallen on hard times.

They claim they are unable to diversify ownership because few people are interested in buying their shares, given the depressed state of the stock market. Thus they have been pressing for an extension to the deadline and are likely to get one in some form.

However the Government is unwilling to abandon its divestiture strategy. A second stage of diversification is due by May 1984, when companies should each have at least 75 small shareholders owning 40 per cent or more of the shares. Finally, by May 1986, companies should have 100 or more small shareholders with a minimum of 50 per cent.

Tiger Oats increases earnings and dividends

BY THOMAS SPARKS IN JOHANNESBURG

TIGER OATS, the major South African food group, which is to merge with the sugar interests of the diversified C. G. Smith holding company, and thus come under the indirect control of Barlow Rand, increased pre-tax profit to R106.1m ($100.8m) for the 14 months ended February compared with R73m for the previous 12 months. Turnover for the 14 months was R1.63bn against R1.18bn for 1980.

The company gives no forecast for the full current year, but believes growth will be reasonable in the first half.

The dividend total for the 14 months is 119 cents from earnings of 463.6 cents a share. In the year 1980, earnings were 324 cents a share, and dividends of 83 cents were declared.

● Associated Furniture Companies (Afcol), the furniture manufacturer 58 per cent owned *by South African Breweries*, lifted turnover by 14.5 per cent to R222m in the year to March but operating profit rose by only 5.3 per cent to R31.4m.

The company says there has been considerable de-stocking by *retailers since the end of* December in response to higher finance costs and in anticipation of substantially lower sales.

The dividend total has been increased to 66.5 cents from 61 cents. Earnings were 132.5 cents per share against 121.2 cents.

A new investment bank in Bahrain aims to widen the provision of financial services in the area

Investcorp seeks out gap

BY MARY FRINGS IN BAHRAIN

GULF CITIZENS at large have until Monday to apply in Bahrain for shares in the newly formed Arabian Investment Corporation (Investcorp), an offshore company.

Investcorp, which aims at filling a gap in the provision of investment services in the area, is offering the public 104m shares of 25 U.S. cents nominal value each, at par, or $26m in total, out of an initial issued capital of $200m. The authorised capital is $500m.

The company, which has been granted an investment banking licence (IBL) by the Bahrain Monetary Agency, is the fourth offshore company to come to the market in Bahrain this year.

It will also be the last, since the BMA has imposed a moratorium on further public share floats for new banks and investment companies in 1982, in order to curb speculation.

The intense interest in the $26m public offering almost guarantees a rapid increase in the market value of the shares. But although the temptation to sell out for a quick profit may be strong, Nemir Kirdar, the former Chase Manhattan banker who has been instrumental in setting up the company, has been advising Investcorp's founding shareholders: "Hold at least half of these shares as a long-term investment. This is not a speculative company. It is going to add a new dimension to Gulf banking in terms of placing power and expertise."

Kirdar is working on the prospect of billions of dollars of surplus, investable funds being generated over the next few years in the region by public and private financial institutions and individuals — on the development of commercial banking so far having outstripped professional investment services. Investcorp has been designed to meet what he sees as a growing market need.

Unlike most of the Arab banks and financial companies to emerge over the last five years, Investcorp is funded neither by governments nor by a small controlling group of shareholders. It would have ben easy to raise $200m from a handful of big names in Saudi Arabia or Kuwait. But instead, the $159m in founders' capital has been drawn from 335 corporate and individual investors spread throughout the region. This ownership base is intended to give the company breadth of placing power.

The major shareholders, including nine commercial banks, have equal equity stakes, of $1m each. No one has more than a ½ per cent interest in the company, while 20 per cent of the capital has been contributed in amounts between $50,000 and $500,000. Geographically, Saudi Arabia accounts for $40m, Bahrain for $38m, UAE $18m, Quatar $12m, Oman $7m, and investors from other Arab states $13m.

Kirdar, the co-ordinator for the project, spent a year making a strategic marketing study to make a choice of shareholders to be invited to take part. The list is impressive, including members of the ruling families in each Gulf state, banks, investment and trading companies, leading merchants and businessmen, and prominent figures in finance, such as Shaikh Suroor bin Mohammed al Nahayan, the chairman of the UAE central bank; Abdulrahman al Ateeqi, the former Kuawaiti Finance Minister; and Saeed Ghobash, the UAE Planning Minister and new president of the Arab Monetary Fund (AMF). Among the other founders are government industrial Ministers, such as Yousuf Shirawi in Bahrain, Dr Mana Saeed al Oteiba in the UAE, and Shaikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister.

Abdulrahman al Ateeqi (left), the former Kuwait Finance Minister, and Shaik Yamani, the Saudi Arabian Oil Minister (right), are among some 335 corporate and individual investors spread throughout the Gulf region putting up the founders' capital of $159m, out of an initial issued capital of $200m

Investcorp is capitalised with a view to its participating in investments and engaging in foreign exchange business on its own account, as well as on behalf of clients. Internationally, its activities will include direct investment in companies and real estate, portfolio investment in shares, bonds, options, precious metals and commodities, and the management of real estate holdings.

It also aims to offer a broad range of regional investment banking services, such as capital raising for Gulf companies, mergers and acquisitions, financial and advisory services and investment in Gulf shares and real estate. It is empowered to act as a holding company both in Bahrain and outside in order to promote, establish, acquire or participate in other companies or investment funds.

Some $15m of the issued capital is to be held in the bank's treasury for future purchase by employees under a performance incentive scheme.

It is hoped that the prospect of becoming partners in the company will attract high-calibre professional staff and encourage them to stay on. The international investment staff will be based in London rather than in the Gulf, thus overcoming one of the major problems faced by Middle East financial institutions, in persuading senior executives to move to the area.

Nemir Kirdar, an Iraqi, studied in the U.S. and worked for Chase from 1974 until January this year. In 1976, he established the bank's office in Abu Dhabi and then the regional centre in Bahrain, which he expanded from a small retail branch to a billion dollar money-market and treasury centre.

In 1980, he was seconded to the Arab Monetary Fund as adviser to the president, Dr Jawad Hashim, with whom he discussed the ned for an institution to serve the increasingly sophisticated investors of the Gulf.

While it did not fall within thet AMF's role to start such a private enterprise project, it commissioned Kirdar to make an in-depth study. When he left the AMF a year later, he began to translate the plan into action by contacting a number of banks and commercial families to sound out their interest.

On August 12 last year the project was formally launched at a meeting in Bahrain, and Kirdar was elected to steer the company through its formative stages. A temporary office was opened in the Holiday Inn, and Michael Merritt, a Chase vice-president who had worked closely with Kirdar in Bahrain, was brought in as his assistant.

Once the public share float is over, and the 104m 25 cents shares (representing 13 per cent of the issued capital) have been allotted, a constituents' assembly will meet on June 20 to elect a board of directors, and recruitment will begin for a staff of between 60 and 70, including 20 executives and 20 bank officers. The chairmanship of the board will rotate between representatives of the six Gulf states.

The London and Bahrain offices of Investcorp are expected to open early next year, and an additional marketing office in Kuwait is to be set up in the following 18 months.

Among local institutions, so far only the Kuwaiti-owned United Gulf Bank, with a more limited customer base, has made a serious attempt to provide a full range of investment banking services: its investment subsidiary is advised by Morgan Stanley.

OTTOMAN BANK

NOTICE IS HEREBY GIVEN that, in accordance with Article 29 of the Statutes, the ANNUAL GENERAL MEETING of Shareholders will be held on WEDNESDAY, the 9th JUNE 1982, in THE QUEEN'S ROOM, THE BALTIC EXCHANGE, 14-20 ST. MARY AXE, EC3A 8BU, at 11 a.m. to receive a Report from the Committee with the Accounts for the year ended 31st December 1981; to propose a Dividend; to elect definitively a Member of the Committee in accordance with Article 16 of the Statutes; and to elect a Member of the Committee.

By Article 27 of the Statutes the General Meeting is composed of holders, whether in person or by proxy or both together, of at least thirty shares, who to be entitled to take part in the Meeting, must deposit their shares and, as may be necessary, their proxies at the Head Office of the Company in Istanbul or at any of the branches, or in London at 2/3 Philpot Lane, EC3M 8AQ or in Paris at 7 rue Meyerbeer, 75009, at least ten days before the date fixed for the Meeting.

The Report of the Committee and the Accounts which will be presented to the General Meeting are available to the Shareholders at the Head Office in Istanbul and at the offices in London and Paris.

R. A. SUTCH
Secretary to the Committee

7th May 1982

May 7, 1982

FS

Azienda Autonoma delle

Ferrovie dello Stato

SDR 80,000,000

Floating Rate Notes due 1985

by virtue of existing Legislation
Direct and Unconditional General Obligations of

The Republic of Italy

In accordance with the terms and conditions of the Debentures, notice is hereby given that for the Interest Period commencing on May 10, 1982 the Debentures will bear interest at the rate of 13⅝% per annum. The interest payable on the relevant Interest Payment Date, November 10, 1982 against Coupon No. 2 will be SDR 6963.89.

The US$/SDR rate which will determine the US$ amount payable in respect of Coupon No. 2 will be fixed together with the Interest Rate for the period commencing November 10, 1982, on November 8, 1982.

Fiscal Agent
ORION ROYAL BANK LIMITED

Dow up 6.28 at mid-session

WALL STREET continued higher at mid-session although prices moderated from earlier levels.

The Dow Jones Industrial Average was up 6.28 at 860.73 at 1 pm after climbing more than nine points in the first hour of trading. Advances led declines by about three to one. The NYSE All Common Index added 42 cents to $68.17. Turnover amounted to 51.13m shares compared with Wednesday's 1 pm figure of 42.43m.

Analysts attributed the rally to the news late on Wednesday that the Senate budget committee—dominated by Republicans—approved a federal budget measure.

Michael Metz, of Oppenheimer and Company, said investors, sitting on large cash positions, were looking for an excuse to buy into the market and any moves toward agreement on a budget compromise were bound to spur a rally.

However, analysts noted that the spending measure approved on Wednesday still faces a lot of opposition. Already house Speaker Thomas O'Neill has said he is opposed to the Senate budget committee's proposal.

Trading was trendless, with only issues involved in special situations showing significant price changes.

Morse Shoe had the biggest decline, falling $2¼ to $14¼ after its report of a first quarter loss. Toys R U.S. rose $⅝ to $41⅞ after news of a first quarter earnings gain.

THE AMERICAN SE Market Value Index was up 1.32 at 1 pm to 271.34. Volume 3.26m.

Canada

Stocks were up marginally at mid-session with gains outnumbering losses 151 to 136.

The Tokyo Composite Index rose 0.2 to 1,526.7 on trading of 2.14m shares. Seven of the 14 major indices were higher.

Most active Nova Corporation Class "A," unchanged at C$8, reported first quarter earnings of 17 cents per share compared to 26 cents last year. Nova blamed the earnings reduction on the first quarter loss reported by its unit, Husky Oil.

Gold issues fared poorly as the index dropped 26.8 to 2,051.7. Dome Mines fell ¼ to C$12⅞, and Little Long Lac Gold Mines eased ⅛ to C$9.

Turbo Resources, which is re-negotiating debt obligations, was up 12 cents at C$1.12 in active trading. Murphy Oil fell C$1⅛ to C$16¼, Falconbridge Nickel dropped C$1¼ to C$45¼, and Simpsons-Sears Class "B" fell ⅛ to C$5¼.

Closing prices for North America were not available for this edition.

Tokyo

Share prices rose sharply, led by Blue Chips, in response to the yen's sharp rise against the dollar and Argentine reaction to UN peace proposals.

The Nikkei Dow average gained 60.67 to close the day at 7,517.78. Trading was light on volume 350m shares following the Spring holiday. The Tokyo Stock Exchange index rose 6.20 to 557.82.

Sentiment was also encouraged by expectations of lower U.S. interest rates, prompted by news the U.S. Senate budget committee has approved a White House-backed budget plan to cut the 1983 projected deficit by $77bn dealers said.

Export-orientated issues, such as Light Electricals, Precisions and Motors, were in demand with Matsushita Electric gaining Y100 to Y1,190, Sony Y100 to Y3,520, Pioneer Y130 to Y1,630, Canon Y49 to Y839, Fuji Photo Y40 to Y1,510, Toyota Motor Y50 to Y1,060 and Honda Motor Y25 to Y781.

Heavy Electric machine makers also rose sharply with Hitachi adding Y25 to Y655, followed by Drugs, Steels and Shipbuilders.

Oils and Coals firmed, but many low-priced domestic industry issues were generally neglected and weakened, although the second market rose slightly.

Hong Kong

The stock market closed firm, at the day's highs, bolstered by speculative demand prompted by the possibility of a cut in local interest rates.

Prices initially dipped on spillover selling from Wednesday but then rebounded in mid-morning. The Hang Seng index rose 34.89 to 1,351.09.

Expectations of a fall in local rates were sparked by the strong performance of the Hong Kong dollar and the likelihood of a fall in U.S. rates, they added.

Singapore

News of a takeover of two Malaysian banks by one of the market's speculative favourites failed to stir overall trading, leaving share prices mostly steady.

The Straits Times Industrial index rose to 759.29 from Wednesday's 757.34. The 30-stock monitor had been up 0.72 point at mid-day.

MUI's takeover of the two unlisted banks through a share swap, a strategy the Malaysia-based conglomerate has become famous for, had been rumoured for several sessions and did not inspire.

MUI, thought to be the volume leader on over 1.2m shares, rose to S$4.08 from S$3.96.

Australia

Leading stocks finished on their highs after drifting downwards during earlier trading in a quiet session with local and overseas investors again nervous.

At the close, the Sydney All Ordinary Index was up 2.1 at 498.7 while the resource market gained 4.5 points to 374.2.

Brokers said reports of a United Nations-inspired peace formula acceptable to Argentina had little impact on trade.

Gold miners were lower after a fall on world gold exchanges. Central Norseman lost 20 cents to A$3.10, Poseidon eased five to A$1.75 and Peko slid five to A$4.15. BHP rose 10 cents to A$7.74, CSR was two up at A$3.38, and MIM rose two to A$3.22.

National Consolidated was five higher at A$1.40 after Adelaide Steamship subsidiary, Tooth and Company, made a partial take-over offer at A$1.46 a share for 45 per cent of National Consolidated.

Cultus Pacific improved three cents to 29 cents in spite of a poor report from Bass Strait well Pisces No. 1, earlier in the week.

Germany

Leading share prices closed slightly higher in moderate trading, with the Commerzbank Index rising three to 714.70.

Stocks received support late in the session from the Bundesbank's decision to reintroduce the Lombard rate at 9 per cent and add further liquidity to the money market at 8.6 per cent which, it was felt, indicated its willingnes to let interest rates fall further.

BMW recovered from yesterday's DM 5.70 fall in nervous trading to close DM 3.50 higher at DM 201 amid rumours, later confirmed by the company, of a cut in dividend and a rights issue.

Johannesburg

The stock market closed quietly mixed to easier, mirroring the trend on the gold board in reaction to the lower bullion price.

Heavyweight gold producer losses were generally limited to 25 cents, as in Driefontein at R23.50, but Kloof gained 25 at R27.00. Mining financials had GFSA down R1 at R61.00 while diamond share De Beers eased three at R505 after 510. In Industrials, Barlows shed 5 at R825.

Milan

Milan stock prices rallied from Wednesday's depressed levels, ending a string of sharp losses.

The day index posted an advance of 1.3 per cent, regaining more than a half of the ground lost on Wednesday.

Indices

NEW YORK —DOW JONES

	May 5	May 4	May 3	April 30	April 29	April 28	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	854.45	854.45	849.05	848.36	844.94	852.64	882.52 (4/1)	795.47 (8/5)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.74	59.69	59.56	59.59	59.62	59.56	59.74 (5/5)	55.97 (12/2)	—	—
Transport.	349.53	348.56	345.96	343.13	342.44	345.20	363.45 (7/1)	314.36 (8/3)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	114.79	114.39	114.22	115.49	115.61	114.22	115.00 (26/4)	105.61 (15/1)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	58,880	53,720	46,490	48,200	51,330	58,550	—	—	—	—

● Day's high 861.97 low 846.74

Ind. div. yield %	April 30	April 23	April 16	Year ago (Approx)
	6.58	6.47	6.61	5.57

STANDARD AND POORS

	May 5	May 4	May 3	April 30	April 29	April 28	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	130.32	130.66	129.89	129.41	128.07	130.37	137.28 (4/1)	118.41 (8/5)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	117.67	117.46	116.61	116.44	116.13	117.26	122.74 (4/1)	107.54 (8/3)	140.52 (28/11/80)	4.407 (1/6/32)

	April 28	April 21	April 14	Year ago (approx)
Ind. div. yield %	5.64	5.72	5.71	4.61
Ind. P/E Ratio	7.88	7.75	7.77	9.37
Long Gov. Bond yield	12.93	12.92	13.11	13.36

NY. S.E. ALL COMMON

May 5	May 4	May 3	Apr. 30	1982 High	1982 Low
67.75	67.63	67.26	67.08	71.20 (4/1)	62.52 (12/3)

Rises and Falls

	May 5	May 4	May 3
Issues Traded	1,883	1,875	1,855
Rises	767	894	703
Falls	674	518	686
Unchanged	442	463	466
New Highs	55	74	44
New Lows	29	36	30

MONTREAL	May 5	May 4	May 3	April 30	1982 High	1982 Low
Industrials	280.79	282.81	281.75	266.00	352.79 (4.1)	270.46 (15.5)
Combined	263.51	265.08	286.08	265.77	316.08 (4.1)	259.88 (15.5)
TORONTO Composite	1529.5	1545.0	1542.0	1548.1	1856.5 (4.1)	1526.5 (5/5)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Storage Tech.	1,394,900	24¾	+¾	Houston Inds.	651,600	19⅝	+⅛
Mobil	1,034,300	22⅝	+⅜	Pan-Am Airways	616,500	4	−⅛
K Mart	990,100	16⅞	+½	Datapoint	578,800	13⅞	−¾
IBM	855,600	65⅛	+½	Coca Cola	546,600	34½	+¼
Exxon	628,300	29¾	+⅛	Flow General	532,100	12¾	−5⅛

LONDON STOCK EXCHANGE

Markets revive following fresh diplomatic attempts to solve Falklands dispute—UDS weak on figures

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 29	Apr 30	May 10
Apr 30	May 13	May 14	May 24

* "New time" dealings may take place from 9.30 am two business days earlier.

Renewed urgency in attempts to solve the Falkland Islands crisis through diplomatic channels gave a fresh heart to London stock markets yesterday. The more hopeful outlook encouraged dealers to mark leading shares sharply higher at the opening as buyers began to show interest.

Double figure gains were fairly numerous at the start with electricals well to the fore. However, initial demand lacked substance and quotations soon began to drift away from best levels. The underlying tone held quietly firm, poor results from UDS, which tumbled from 74p to 56p, accounting for around 5 points of the turnround in the FT 30-share index which closed only 1.5 higher at 567.9, after registering a jump of 12.9 at 10 am. The FT-Actuaries 500 share index rose 1.4 per cent to register a record high of 361.78.

Overall trade in equities was at a low ebb, but several firm features arose in response to company trading statements. Among the sectors, Composite Insurances staged a useful rally following Wednesday's cool response to poor first-quarter figures from General Accident.

Apart from the ray of hope over the Falklands, Gilt-edged securities were also helped in the late dealings by early strength in U.S. bonds following reports that the Senate Budget Committee and President Reagan had reached agreement on the 1983 budget.

Long-dated stocks had opened a point higher and then fluctuated nervously before settling with gains ranging to 1¼ and sometimes more, Treasury 11¾ per cent 2003-07 closing 1¼ up at 91¾. Short-dated issues also benefited from easier money market conditions and finished with rises extending to 1/2. The Government Securities index jumped 0.61 to record its largest one-day advance since the Argentine invasion to a level more than 1 per cent up on last month's low.

Standard Chartered up

Standard Chartered advanced 40 for a two-day jump of 50 to 675p on investment buying in anticipation of going ex-the 50 per cent scrip issue in ten days' time. A stable first-half profits performance unsettled Royal Bank of Scotland, which eased to 100p before closing a net 4 off on balance at 102p. Hopes of a diplomatic solution to the Falkland Islands crisis helped Lloyds to rally smartly to 412p before a close of 406p, up 11 on the day. Other major clearers also improved, with Barclays and Midland both improving 4 to 452p and 326p respectively. Among Discount Houses, Gerrard and National put on 5 to 283p following satisfactory results. Merchant banks were featured by a rise of 7 to 142p in Hambros.

General Accident's poor first-quarter figures were pushed into the background as Composite Insurances moved higher with the general trend on Argentine peace hopes. GA at 294p, retrieved half of the previous day's decline of 8, while Phoenix gained 8 at 246p. Commercial Union, the next to report first-quarter results next Tuesday, put on 5 to 131p.

Inclined firmer in early dealings, leading Building usually retained modest gains. Costain firmed 6 to 254p with the Deferred 4 up at 240p; the preliminary results are due next Tuesday. Elsewhere, F. J. C. Lilley put on 4 to 189p and French Kier 1½ to 118p on the announcement that the companies had won a joint contract worth approximately £17m. Hellical Bar closed a penny dearer at 16p despite the annual loss and dividend omission.

ICI touched 328p in early dealings but drifted off on lack of following-through support to close 4 dearer on balance at 324p. Rentokil, still responding to the chairman's confident statement, added a penny more to 163p, while Amersham improved 4 to 212p.

UDS slump

Marked up to 78p at the outset of trading, UDS shook the market by announcing preliminary results some £4m below most estimates and slashing the final dividend; sentiment was also unsettled by the chairman's discouraging remarks on future trading and the shares slumped to 55p before closing a net 18 down at 56p. Debenhams, annual results due later this month, eased a couple of pence to 74p, while Raybeck shed 3 to 38p. In contrast, other Stores made useful progress. Gussies A rose 10 to 493p, while Marks and Spencer added 3 to 161p. Woolworths, still buoyed by talks of a bid for the U.S. parent, firmed 1¼ more to 48½p. Moss Bros, which announced a return to profits last week, attracted renewed speculative interest and advanced 15 to 165p, while support was also shown for Harris Queensway, 6 dearer at 180p.

Firm conditions returned to the popular Electrical leaders which figured prominently in the market's advance. GEC rose 14 to 873p, while Plessey and Racal improved 10 apiece to the common level of 405p. BICC gained 7 at 325p but Thorn EMI receded from 427p to finish unchanged on the day at 420p. Elsewhere, still reflecting the Egyptian optics contract, United Scientific jumped 13 more to 358p. Revived bid hopes helped Ferranti to put on 12 to 700p, after 705p, while investment support promoted a rise of 18 to 405p in Eurotherm.

Supported up to 173p in the early dealings, GKN retreated to finish only a penny harder on balance at 168p following the chairman's cautious statement at the AGM. Other Engineering majors reacted in sympathy and Tubes lost an early gain of 6 to end unaltered at the overnight level of 150p, but Hawker managed to hold a rise of 4 at 334p, after 336p. Hopes of an increased bid from Charter Consolidated left Anderson Strathclyde 2 up at 141p. Chemring gained 13 to 300p. Standing 6 better immediately in front of the half-year figures, Moss received sharply on the interim dividend omission and £1.35m interim deficit to close a net penny cheaper at 98p.

British Sugar highlighted Foods, touching 525p before closing a net 10 up at 500p following the sharply increased half-yearly profits and dividend forecast. On the other hand, Kwik Save, standing 4 higher awaiting the interim results, reacted on the uninspiring figures to close 4 cheaper on balance at 240p. J. Sainsbury, a recently shed 10 to 635p following cautious comments from the preliminary statement. Elsewhere, renewed support lifted Rowntree Mackintosh 6 to a 1982 peak of 180p.

Interest in leading Hotels and Caterers revived, Grand Metropolitan adding 4 to 214p, and Ladbroke 6 to 164p. Elsewhere, Brent Walker put on 6 for a two-day gain of 11 to 91p on speculative interest.

Renewed hopes of a diplomatic solution to the Falkland Islands crisis prompted a useful rally in the miscellaneous industrial leaders. Pilkington were notable for a rise of 11 to 248p, while Glaxo advanced 9 to 629p and Beecham 6 to 269p. Elsewhere, Norman Hay greeted higher annual profits with a rise of 6 to 48p, while Marshall Universal hardened a couple of pence to 82p for a similar reason. Defence spending prospects attracted renewed support to British Aerospace, which gained 6 to 206p, while AGB Research advanced 10 to 280p. Granada A put on 6 to 236p and ICL 4 to 57p. Investment buying lifted Vinten 8 to 266p, while Maynards revived with a rise of 6 to 176p. Against the trend, MY Dart fell 3½ to 24p, after 23p, on the £0.2m loss and final dividend omission.

Management Agency and Music came under pressure following Mr Gilbert O'Sullivan's royalties victory and shed 9 to a 1982 low of 99p. Trident TV, particularly dull market on Wednesday, rallied 5½ to 83½p; the decision on the companies' casino licences is expected next Monday.

Newspapers took a turn for the better. S. Pearson rose 8 to 244p, with Pearson Longman rising 11 to a 1982 high of 348p in sympathy. Elsewhere, DRG added 3 to 88p after the chairman's statement at the annual meeting. Associated Paper, interim results next Tuesday, added 2 more to 73p.

Properties participated in the general improvement, but business was sparse. Land Securities firmed 5 to 291p and MEPC 3 to 195p. Following the interim results, Thames Investments were adjusted to a 1982 low of 114p before closing 2 cheaper on balance at 116p; the 12 per cent convertible was marked down to 106p before closing a net 10 down at 108p.

Sentiment in Oils was not helped by the BP chairman's gloomy statement about current trading and the leaders, after opening around 8 higher, drifted off to close below the best. British Petroleum finished 4 firmer on balance at 314p and Shell 6 dearer at 414p. Among secondary issues, Carless Capel dipped to 172p on the 15.7m rights issue proposal before rallying to close unchanged on balance at 178p.

P & O Deferred continued to attract strong support in the wake of the excellent preliminary results and advanced 8 for a two-day gain of 11 to a 1982 peak of 151p.

Textiles finished with modest gains, where altered. Nottingham Manufacturing, 175p, and Coats Patons, 6p, both added 2, while Corah firmed a similar amount to 47p, the last mentioned following the chairman's statement at the annual meeting.

Golds weak

Another poor performance by mining markets followed a further decline in precious and base-metal prices amid widespread confusion over the situation in the South Atlantic.

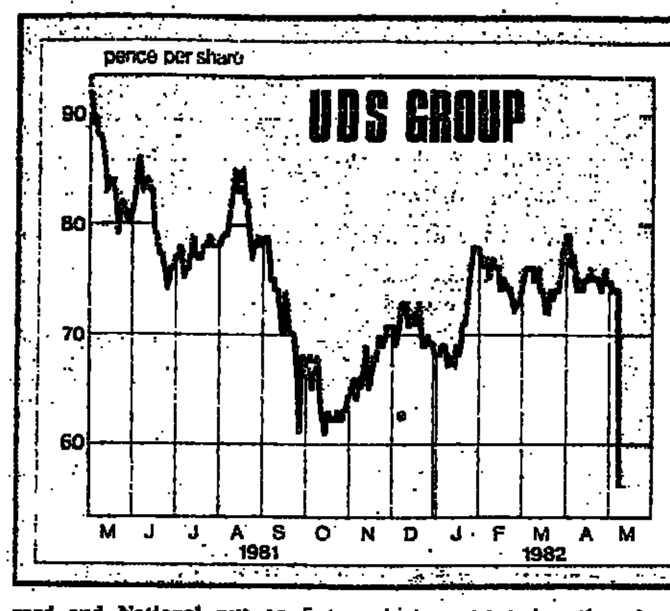
South African Golds moved narrowly in nervous trading with rumour and counter-rumour tending to discourage new business.

Golds consequently drifted in idle trading and the Gold Mines index gave up 5.1 more to 231.2—its lowest level since mid-March—reflecting fears that the bullion price could fall further.

South African Financials mirrored the trend in Golds. Gencor were particularly vulnerable and dipped 50 to 750p while UC Investments gave up 40 to 420p and "Johnnies" £1 to £253. Transvaal Consolidated Land dropped a full point to £20 following the interim figures.

In Australians, Cultus and York improved 3 apiece to 18½p and 21p respectively and Metramar 2 to 18p following news that the Pisces 1 wildcat well in the Bass Strait—in which all three are participants—is to be deepened by approximately 242 metres to a target depth of 2,772 metres.

Demand for Traded Options held up relatively well and 1,561 deals were arranged, much the same as Wednesday's 1,588 but well below last week's daily average of 2,303. Calls totalled 1,266 with a considerable amount of money again directed towards P & O Deferred which recorded 404 trades, 99 in the May 130s and 173 in the May 140s.



FINANCIAL TIMES STOCK INDICES

	May 6	May 5	May 4	April 30	April 29	April 28	A year ago
Government Secs	68.28	67.67	67.98	67.70	67.86	67.70	66.74
Fixed Interest	68.92	68.26	68.39	68.12	66.12	68.00	69.59
Industrial Ord.	576.9	575.4	584.2	575.1	582.0	575.3	564.6
Gold Mines	231.2	236.3	239.8	248.0	246.5	252.8	351.2
Ord. Div. Yield	5.42	5.54	5.42	5.51	5.44	5.49	5.84
Earnings, Yld.% (full)	11.52	11.52	11.36	11.65	11.40	10.89	11.56
P/E Ratio (net) (*)	10.85	10.87	11.02	10.84	10.98	11.62	10.82
Total bargains	16,210	16,049	16,638	15,560	17,394	15,267	21,594
Equity turnover £m.	—	180.05	129.22	143.26	171.94	129.07	131.208
Equity bargains	—	12,636	13,190	13,782	15,033	13,331	15,570

10 am 588.3. 11 am 583.9. Noon 579.5. 1 pm 578.9.
2 pm 578.2. 3 pm 577.7.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/56. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.10.

HIGHS AND LOWS — S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low		May 5	May 4
Govt. Secs.	69.55 (23/3)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	157.4	152.2
Fixed Int.	69.74 (2/4)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	81.9	85.5
Ind. Ord.	584.2 (4/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)	Value	263.9	281.2
Gold Mines	302.0 (3/1)	209.2 (3/3)	558.9 (22/9/80)	43.5 (26/10/71)	—5 day Avrge. Gilt Edged Bargains	142.8	140.7
					Equities Bargains	88.1	89.1
					Value	284.4	285.8

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13

For rate indications see end of Share Information Service

Call options were arranged in Premier Oil, Charterhall, ICL, European Ferries, Dewhurst and Partner, Courtaulds, Rothmans International, Trident TV A, Sun Oil, Swire Pacific A, Fobel International, Comben, Pancontinental, Woodside, Turner and Newall and Greenall Whitley. A put was done in Plessey, while doubles were taken out in Rothmans International, Woolworths, First National Finance, Trident TV A and Chloride.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	—	6
Corpns., Dom. and Foreign Bonds	38	—	37
Industrials	454	88	803
Financial & Props.	146	56	306
Oils	35	12	58
Plantations	—	3	20
Mines	25	60	75
Others	30	81	40
Totals	816	300	1,346

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross Yield	P/E Ratio
140	F.P.	14/5	161	140	AIM Group 10p	161	+2	bd3.75	1.8	3.1	14.5
15	F.P.	15/4	30	19	Cambrian & Gen.Tip	30	+1	—	—	—	—
‡105	F.P.	21/5	109	105	Cass Group 10p	106	−1	ud2.5	2.8	3.4	14.2
‡260	F.P.	4/6	335	293	Cont. Microwave	335	+18	[illegible]			
‡25	F.P.	28/5	62	60	DeBrett/Andre 10p	60		b3.5	2.1	5.9	11.8
‡102	F.P.	—	135	122	Dew (George)	127		b5.7	4.0	6.4	5.6
‡150	F.P.	28/5	147	140	Druck Hldgs	147	+1	b2.5	2.5	2.2	25.4
					GrIp Inv Option Crts	14					
‡250	F.P.	14/5	250	245	Jo Technology	245					
	F.P.	—	275	267	Jebsens Drilling	265		b17.5	2.9	9.4	6.8
‡120	F.P.	7/5	134	120	Leisure Inds	122	+2	b5.0	2.6	5.9	8.5
	F.P.	—	30	30	Osprey Assets	30		F1.4		5.7	
‡5	F.P.	—	45	39	P. H. Industrials	45		b3.6	1.8	11.1	7.3
135	F.P.	13/5	141	135	Standard Secs	141		b3.6	1.3	3.8	29.6
—	F.P.	—	90	70	Zambia Cons Opr 10K	70					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
100	F.P.	14/5	116	110	Boddingtons Brew 9½% Cnv. Ln. 2000.05	111	+1
‡100	£10	24/6	11½	10½	Bristol Water 9% Pref.	11	
‡99.383	£25	14/7	25	21¾	Cred. Foncier de France 14½% Ln. 2007	24¼	+¼
‡100	£10	1/7	11¼	11	East Anglia Water 9% Red. Prf. 1987	11¼	
‡100	F.P.	—	136	126	First Nat. 12pc Conv. Uns. Ln. 1987	136	
‡100	F.P.	—	100½	89½	Nationwide Bdg. Soc. 16¼% (14/3/83)	100½	+⅛
‡100	F.P.	—	100½	99½	Do. 14¼% (4/4/83)	100⅛	+⅛
‡100	F.P.	—	100½	100	Do. 14¾% (25/4/83)	100⅛	+⅛
‡107	F.P.	29/4	111	109½	Queens Moat 10½% Cnv. '89-91	112	+2½

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4 28/5	13½	13	Anabacher (H.) 5p	11½	
170	Nil	13/5 24/6	20pm	15pm	Bank Leumi (UK) £1	15pm	
128	F.P.	23/5 28/5	155	133	Beazer (C. H.) 10p	155	+4
A81	Nil	24/5 7/6	6¼pm	3½pm	Bond Corp	6½pm	+½
50	F.P.	29.3 10/5	60	50	First Castle 10p	64	
20	F.P.	30/4 28/5	86	42	Fisher (A.)	43	
5	Nil	10/5 21/6	1pm	¼pm	Grovebell (5p)	½pm	
500	Nil	20/5 18/6	90pm	80pm	Hammerson Prop	80pm	
500	Nil	—	50pm	50pm	Do. A	50pm	
120	F.P.	7/5 4/6	159	144	Lilley (F.J.C.)	159	+4
145	Nil	12/5 7/6	43pm	31pm	Low (Wm.) 20p	34pm	−2
18	Nil	21/5 4/6	14pm	4pm	North Kalgurl	6pm	
6	F.P.	15/4 21/5	8	6½	Platignum 5p	7	
27	F.P.	29/4 27/5	28½	26½	Queens Moat	28½	+1½
86	F.P.	15/4 4/6	107	99	Riley Leisure	101	
170	Nil	14/5 11/6	52pm	45pm	Steel Bros	50pm	
10	F.P.	24/3 23/4	12½	10½	Sturla 10p	10½	
133	Nil	10/5 10/6	23pm	13pm	Vickers (£1)	13pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. f Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ❂ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ♦ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). †† Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to Ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BP	314	+ 4	Moss Engineering	98	− 7
British Sugar	500	+10	P. & O. Defd	151	+ 8
Carless Capel	178	—	Rothmans	155	+ 2
GRE	288	+ 4	Royal Bank of Scot.	102	− 4
GKN	168	+ 1	Standard Chartered	675	+40
Lloyds Bank	406	+11	UDS	56	−18

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Wednesday's closing pence	Day's change	Stock	No. of price changes	Wednesday's closing pence	Day's change
GEC	18	858	− 7	Brit Aerospace	11	200	− 3
Rothmans	17	98	+ 5½	Glaxo	11	620	− 3
P. & O. Defd	14	143	+ 3	Racal Elec	11	395	− 8
ICI	13	320	− 6	RTZ	11	441	− 9
Plessey	12	395	− 7	Trafalgar Hse	11	128	− 3
Unilever	12	610	−10	Gen Accident	10	286	− 8
BAT Inds	11	450	−10	Shell Trans	10	408	− 4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs May 6 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed May 5 Index No.	Tues May 4 Index No.	Fri April 30 Index No.	Thurs April 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	384.55	+1.5	9.55	4.20	13.00	378.91	383.09	376.51	379.34	346.18
2	Building Materials (23)	337.45	+1.3	13.85	5.23	8.72	333.17	336.09	331.82	336.12	377.66
3	Contracting, Construction (28)	625.59	+1.0	13.90	4.86	8.43	619.22	623.57	612.21	616.44	583.73
4	Electricals (31)	1365.44	+1.8	6.85	2.17	18.67	1340.94	1355.06	1331.72	1337.44	1041.99
5	Engineering Contractors (9)	494.57	+1.2	13.37	6.19	8.83	488.76	495.01	495.01	499.54	489.54
6	Mechanical Engineering (67)	202.46	+1.2	13.32	5.74	10.09	199.96	200.74	195.92	197.00	216.59
8	Metals and Metal Forming (11)	167.77	+1.6	10.14	7.08	12.40	165.16	168.50	165.95	168.38	172.32
9	Motors (21)	95.15	+1.4	2.47	7.06	—	93.84	94.83	93.97	94.28	108.67
10	Other Industrial Materials (18)	378.98	+0.8	9.55	5.78	12.76	375.83	381.29	375.32	379.17	364.37
21	CONSUMER GROUP (201)	309.80	+1.5	12.67	5.49	9.32	305.32	307.85	304.92	307.85	285.06
22	Brewers and Distillers (21)	308.07	+1.6	15.30	6.33	7.88	303.28	306.57	300.20	302.74	304.62
25	Food Manufacturing (22)	276.35	+1.3	16.42	6.74	7.33	272.84	276.39	273.06	275.33	255.92
26	Food Retailing (14)	618.41	+0.1	9.09	3.46	13.30	617.68	620.32	614.99	617.45	536.20
27	Health and Household Products (8)	465.77	+1.9	7.71	3.61	15.69	457.06	444.65	435.05	436.07	301.19
29	Leisure (24)	445.17	+1.4	10.26	5.09	12.16	439.73	448.22	444.76	447.02	438.56
32	Newspapers, Publishing (12)	529.97	+0.2	13.01	5.91	9.77	528.95	532.05	530.09	527.53	517.70
33	Packaging and Paper (14)	146.12	+1.0	15.64	7.27	7.44	144.70	146.27	144.79	145.62	151.94
34	Stores (45)	282.20	+1.0	10.45	4.82	12.79	279.43	284.16	278.65	282.73	283.71
35	Textiles (23)	176.12	+1.4	9.65	5.70	13.42	173.65	175.67	175.49	176.62	166.14
36	Tobaccos (3)	344.28	+2.4	21.61	7.98	5.21	336.08	341.97	334.38	342.80	256.58
39	Other Consumer (15)	289.99	—	1.71	5.39	—	290.09	290.44	292.51	294.20	385.60
41	OTHER GROUPS (78)	256.19	+1.3	13.40	6.16	8.97	253.00	255.68	251.06	252.41	239.03
42	Chemicals (16)	339.26	+1.1	13.28	6.81	9.00	335.43	339.23	332.05	332.62	303.31
44	Office Equipment (4)	111.26	−0.2	14.47	7.85	8.41	111.52	113.58	112.13	114.65	118.93
45	Shipping and Transport (13)	581.55	+2.3	19.86	6.82	5.96	568.60	567.36	561.09	565.03	603.39
46	Miscellaneous (45)	327.25	+1.3	11.50	5.06	10.59	323.00	326.87	321.16	323.07	308.16
49	INDUSTRIAL GROUP (487)	328.05	+1.4	11.61	5.10	10.50	323.62	327.62	322.06	324.75	298.83
51	Oils (13)	742.60	+1.3	21.28	7.83	5.33	732.72	746.01	744.96	755.70	800.75
59	500 SHARE INDEX	361.78	+1.4	13.19	5.55	9.06	356.91	361.66	356.45	359.78	339.75
61	FINANCIAL GROUP (117)	249.75	+1.1	—	6.59	—	247.06	249.34	246.12	248.62	254.75
62	Banks (6)	264.96	+1.0	39.54	8.08	2.77	262.36	265.40	260.74	265.38	254.30
63	Discount Houses (9)	225.09	+0.9	—	9.76	—	223.06	223.98	223.98	225.46	301.75
65	Insurance (Life) (9)	268.14	−0.2	—	6.82	—	268.63	269.80	266.39	268.64	250.88
66	Insurance (Composite) (10)	154.36	+1.4	—	9.17	—	152.19	154.42	152.07	153.32	163.02
67	Insurance Brokers (7)	491.59	+0.6	11.26	5.17	12.05	488.49	492.06	482.81	491.32	380.18
68	Merchant Banks (12)	147.37	+1.3	—	5.75	—	145.50	144.82	144.79	144.96	158.62
69	Property (49)	432.05	+1.0	4.97	3.54	26.90	427.93	432.98	429.28	432.49	493.07
70	Other Financial (15)	177.17	+3.5	17.77	6.44	6.51	171.17	170.69	168.32	168.87	170.06
71	Investment Trusts (112)	297.88	+0.4	—	5.42	—	296.61	299.80	296.78	299.40	306.26
81	Mining Finance (4)	212.77	+0.6	14.68	6.63	8.54	211.52	214.61	213.91	214.73	253.90
91	Overseas Traders (17)	373.44	−0.3	14.02	8.51	8.70	374.52	377.12	374.67	373.71	473.02
99	ALL-SHARE INDEX (750)	332.54	+1.2	—	5.78	—	328.52	332.55	328.09	331.09	321.90

FIXED INTEREST

	PRICE INDICES	Thurs May 6	Day's change %	Wed May 5	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	110.71	+0.45	110.75	0.54	4.53
2	5-15 years●	110.54	+0.95	109.51	—	4.33
3	Over 15 years●	113.53	+1.19	112.48	0.29	5.22
4	Irredeemables	117.11	+1.31	115.60	—	6.07
5	All Stocks	111.28	+0.87	110.57	0.26	4.66
6	Debentures & Loans	87.34	+0.68	86.75	—	3.96
7	Preference	64.01	+0.19	63.89	—	2.75

	AVERAGE GROSS REDEMPTION YIELDS		Thurs May 6	Wed May 5	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.86	12.08	12.12
2		15 years	12.83	12.93	12.73
3		25 years	12.76	12.98	12.85
4	Medium Coupons	5 years	14.07	14.24	13.96
5		15 years	13.88	14.06	14.83
6		25 years	13.38	13.56	14.02
7	High Coupons	5 years●	13.93	14.13	13.93
8		15 years●	14.11	14.25	14.59
9		25 years●	13.60	13.77	14.28
10	Irredeemables†		12.46	12.62	12.23
11	Debs & Loans	5 years	14.95	15.06	14.72
12		15 years	14.85	14.97	14.81
13		25 years	14.78	14.92	14.81
14	Preference†		15.47	15.49	14.75

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
●Corrected figures for May 5.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (97)

BRITISH FUNDS (10)
Treas. 8½pc '82 · Exch. 10pc 1983 · Exch 8¼pc 1982 · Treas 3pc 1987 · Exch 8¼pc 1983 · Treas 7¾pc '85-88 · Treas 9¼pc '83 · Treasury 3pc '78-88 · Exch 13¼pc '83 · Treas 8¼pc '87-90

CORPORATION LOANS (1)
Glasgow 9¼pc '80-82

COMMONWEALTH LOANS (1)
NZ 7½pc '83-86

LOANS (3)
FF (UK) Fin 7½pcA Nthnd 16¼pc 17.6.83 · Db '89-92 · Db 15¼pc 7.2.83

AMERICANS (1)
Lowes

BANKS (2)
HK Shanghai

BEERS (7)
Border Brews · Whitbread A · Irish Distillers · Young Brew A · Marston Thompson · Do N-vtg · Scott & Newcastle

BUILDINGS (10)
BPB Inds · Hirst and Hill · Bellway · London Brick · Breedon · Ruberoid · Countryside · Tilbury Gre · Hewden-Stuart · Wilson (Connolly)

CHEMICALS (3)
Anchor Chemical · Stewart Plastics · ICI 5pcPf

STORES (5)
Abbey · Ford (Austin) A · Church · Vantona · Harris Queensway

ELECTRICALS (10)
Bowthorpe · Ferranti · Cambridge Elect · Plessey · ESI London · Piconics · Electrocomponents · Unitech · Eurotherm Int · Utd Scientific

ENGINEERING (9)
APV · Metalrax · Anderson Strchyde · Scrase-Serco · Birmid Qualcast · Victor Products · Chemring · Whessoe · Hill & Smith

FOODS (2)
Avana · Rowntree Mcktosh

HOTELS (1)
Brent Walker

INDUSTRIALS (14)
Beecham · ICL · Blundell-Prmglze · Jardine Matheson · Cosalt · Prestige · Dom Hldgs · Smith & Nephew · Dulay Cltte · Sparrow (G. W.) · Equipu · Sterling Inds · Huntleigh · Vinten

LEISURE (1)
TVS N-vtg

MOTORS (1)
Solex (UK)

NEWSPAPERS (1)
Pearson Longman

PAPER (3)
AID · Assoc Paper

PROPERTY (1)
Beazer (C. H.)

SHIPPING (2)
Brit Cmwlth · P & O Dfd

TEXTILES (1)
Crtaulds 7pcDb 82-7 · Yorklyde · Sirdar

TOBACCOS (1)
Rothmans

TRUSTS (4)
Caledonia Invs · Oil & Assoc Inv · Lowland Invs · Split Inc

OILS (1)
E Scotland Onshore

NEW LOWS (34)

AMERICANS (2)
Crown Zellerbach · Kaiser Aluminium

CANADIANS (6)
Bk of Montreal · Hawker Sidd Can · Brascan · Inco · Canadian Imp Bk · Royal Bk Can

STORES (1)
UDS

ELECTRICALS (1)
Mitel

FOODS (1)
Needlers

INDUSTRIALS (2)
MY Dart · Scapa-Group

LEISURE (1)
Management Agency & Music

NEWSPAPERS (2)
BPM Hldgs A · Gordon & Gotch

PROPERTY (6)
Dagn Dev Crp · McKay Secs · Estates Prop Inv · Thames Inv & Secs · Evans of Leeds · Do 12pcCvPf

TEXTILES (1)
Scott & Robertson

TRUSTS (3)
Scot & Mercnt A · Mexico Fd · Tripleyest Inc

OILS (1)
S & K Petroleum

RUBBERS (1)
Bertam

MINES (6)
East Rand Prop · Leslie · Simmer & Jack · Winkelhaak · East Daggs · Harmony

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 5, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	68.25
Albania	Lek	5.6049
Algeria	Dinar	4.54
Andorra	Fr. Franc	6.0505
	Sp. Peseta	103.33
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (ri (2))	14000
Australia	Dollar	0.9427
Austria	Schilling	15.3775
Azores	Port. Escudo	70.72
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	103.33
Bangladesh	Taka	21.36
Barbados	Dollar	2.01
Belgium	Franc (C)	43.73
	Franc (F)	47.57
Belize	Dollar	2.00
Benin	C.F.A. Franc	302.525
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.1197
Bolivia	Peso	43.565
Botswana	Pula	0.8962
Brazil	Cruzeiro	154.83
Brunei	Dollar	2.0899
Bulgaria	Lev	0.942
Burma	Kyat	6.9516
Burundi	Franc	90.00
Cameroon Rp.	C.F.A. Franc	302.525
Canada	Dollar	1.2231
Canary Is.	Sp. Peseta	103.33
Cape Verde Is.	Escudo	54.70
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	302.525
Chad	C.F.A. Franc	302.525
Chile	Peso	39.00
China	Renminbi Yuan	1.8177
Colombia	Peso	62.21
Comoros	C.F.A. Franc	302.525
Congo (B'ville)	C.F.A. Franc	302.525
Costa Rica	Colon	8.60
	Colon	39.00
Cuba	Peso	0.8244
Cyprus	Pound*	2.1868
Czechoslovakia	Koruna	5.80
Denmark	Krone	7.8868
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	25.00
	Sucre (F)	45.45
Egypt	Pound* (O)	1.1976
	Pound* (p)	1.2151
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	205.64
Ethiopia	Birr	2.0705
Faeroe Is.	Dan. Krone	7.8868
Falkland Is.	Pound*	1.802
Fiji	Dollar	0.9112
Finland	Markka	4.615
France	Franc	6.0505
Fr. Cty in Af.	C.F.A. Franc	302.525
Fr. Guiana	Local Franc	6.0505
Fr. Pac. Is.	C.F.P. Franc	105.438
Gabon	C.F.A. Franc	302.525
Gambia	Dalasi	2.2198
Germany (E)	Ostmark	2.2322
Germany (W)	Mark	2.2322
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8802
Greece	Drachma	62.75
Greenland	Dan. Krone	7.8868
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	6.0505
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	36.8385
Guinea Rep.	Syli	21.7296
Guyana	Dollar	2.98
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.815
Hungary	Forint	34.9837
Iceland	Krona	10.0015
India	Rupee	9.3197
Indonesia	Rupiah	652.50
Iran	Rial (O)	82.92
Iraq	Dinar	0.2953
Irish Rep.	Punt*	1.49
Israel	Shekel	20.56
Italy	Lira	1268.75
Ivory Coast	C.F.A. Franc	302.525
Jamaica	Dollar	1.7834
Japan	Yen	235.32
Jordan	Dinar	0.344
Kampuchea	Riel	
Kenya	Shilling	10.5404
Kiribati	Aust. Dollar	0.9427
Korea (Nth)	Won	0.94
Korea (Sth)	Won	718.30
Kuwait	Dinar	0.2861
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.946
Lesotho	Loti	1.0536
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.9423
Luxembourg	Lux Franc	43.73
Macao	Pataca	6.0426
Madagascar D.R.	Franc	302.525
Madeira	Port. Escudo	70.72
Malawi	Kwacha	1.1124
Malaysia	Ringgit	2.323
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.05
Mali Rp.	Franc	605.05
Malta	Pound*	2.5028
Martinique	Local Franc	6.0505
Mauritania	Ouguiya	51.29
Mauritius	Rupee	11.0537
Mexico	Peso	46.63
Miquelon	C.F.A. Franc	6.0505
Monaco	French Franc	6.0505
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.8194
Mozambique	Metica	29.5117
Namibia	S.A. Rand	1.0536
Nauru Is.	Aust. Dollar	0.9427
Nepal	Rupee	13.20
Netherlands	Guilder	2.4765
Netherland Ant.	Guilder	1.80
New Zealand	Dollar	1.30
Nicaragua	Cordoba	10.05
Niger Rp.	C.F.A. Franc	302.525
Nigeria	Naira (O)	0.6604
Norway	Krone	5.994
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	11.6178
Panama	Balboa	1.00
Papua N.G.	Kina	0.7171
Paraguay	Guarani	126.00
Peru	Sol	612.73
Philippines	Peso	8.376
Pitcairn Is.	N.Z. Dollar	1.30
Poland	Zloty (O)	80.00
Portugal	Escudo	70.72
Port Timor	Escudo	
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.0505
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.802
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr. Franc	6.0505
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.8621
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1268.75
Sao Tome & Principe DR	Dobra	39.9419
Saudi Arabia	Riyal	3.4305
Senegal	C.F.A. Franc	302.525
Seychelles	Rupee	7.5437
Sierra Leone	Leone	1.2056
Singapore	Dollar	2.099
Solomon Is.	Dollar	0.9125
Somali Rep.	Shilling	12.45
South Africa	Rand	1.0536
Spain	Peseta	103.33
Span. Ports in N. Africa	Sp. Peseta	103.32
Sri Lanka	Rupee	20.68
Sudan Rep.	Pound (O)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.0536
Sweden	Krona	5.7894
Switzerland	Franc	1.9423
Syria	Pound	3.925
Taiwan	Dollar (O)	38.18
Tanzania	Shilling	9.1888
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	302.525
Tonga Is.	Pa'anga	0.9427
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.5587
Turkey	Lira	147.95
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9427
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6731
Utd. Kingdom	Pound Sterling*	1.802
Upper Volta	C.F.A. Franc	302.525
Uruguay	Peso	12.157
U.S.S.R.	Rouble	0.7649
Vanuatu	Vatu	97.7859
	Aust. Dollar	0.9427
Vatican	Lira	1268.75
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	9.16
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.5605
Yemen PDR	Dinar	0.3455
Yugoslavia	Dinar	48.6784
Zaire Rp.	Zaire	5.6044
Zambia	Kwacha	0.9041
Zimbabwe	Dollar	0.7407

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists. (2) Argentina—devalued by approx. 17 per cent 5/5/82. (3) Somali: Parallel exchange rates introduced July 1—for essential imports. (4) Somali: Exports and Non-Essential Imports and Transfers. (5) Malawi—devalued 28/4/82.

Companies and Markets

CURRENCIES and MONEY

Pound recovers

Sterling improved in nervous foreign exchange trading, reflecting growing hopes of a settlement to the Falklands dispute without further bloodshed.

The dollar retained its recent weaker trend however, as Euro-dollar interest rates continued to fall, and the market looked forward to a drop in this week's money supply figures.

STERLING — Trade-weighted index (Bank of England) 90.1 against 90.2 at noon, 90.3 in the morning, 89.6 at the previous close, and 89.2 six month ago. Three-month interbank 13½ per cent (13½ per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month)—The pound opened at $1.8180-1.8190 and rose to around $1.8250, before easing back to $1.8180-1.8190 again on slight selling pressure from the Continent. Sterling retained its overall strength however, touching a peak of $1.8280-1.8290 in the afternoon, and closing at $1.8200-1.8210, a rise of 1.47 cents on the day. The pound rose to DM4.2050 from DM4.1875 against the D-mark; to FFr 10.98 from FFr 10.9250 against the French franc; and to Y424.50 from Y422.50 in terms of the yen, but eased to SwFr 3.4925 from SwFr 3.4950 against the Swiss franc.

DOLLAR — Trade-weighted index 112.2 against 112.6 on Wednesday, and 107.5 six months ago. Three-month Treasury bills 12.40 per cent (12.20 per cent six months ago). Annual inflation 6.8 per cent (7.7 per cent previous month)—The dollar fell to DM2.3095 from DM2.3175; to FFr 6.0325 from FFr 6.0525; to SwFr 1.92 from SwFr 1.9675 and to Y233.25 from Y233.85.

D-MARK — EMS member (strongest). Trade-weighted index was unchanged at 124.3 against 123.8 six months ago. Three-month interbank 9.175 per cent (11.375 per cent six months ago). Annual inflation 5.2 per cent (5.5 per cent previous month)—The move to restore the regular Lombard rate at 9 per cent by the Bundesbank came as little surprise to the foreign exchange market and did not have any strong impact on trading. The D-mark rose against four members of the EMS at the Frankfurt fixing, but weakened against the Irish punt and the Danish krone. An easier trend in Eurodollar rates pushed the dollar down to DM2.3077 from DM 2.3248 without any intervention by the German central bank. Sterling rose to DM 4.2050 from DM 4.1900, and the Swiss franc was also slightly firmer at DM 1.1965, compared with DM 1.1864.

FRENCH FRANC — EMS member (third weakest). Trade-weighted index 79.8 against 79.6 on Wednesday, and 82.1 six months ago. Three-month interbank 16⅛ per cent (15⅞ per cent six months ago). Annual inflation 13.1 per cent (13.9 per cent previous month)—The Bank of France's foreign currency position showed an improvement last week, rising by more than FFr 2.4bn. The franc gained ground against most members of the EMS at the Paris fixing falling against only the very strong Deutsche Mark. The German unit rose to FFr 2.6095 from FFr 2.6030, while outside the EMS sterling improved to FFr 10.9595 from FFr 10.9230. The dollar fell to FFr 6.0135 from FFr 6.0625.

ITALIA LIRA — EMS member (weakest). Trade-weighted index was unchanged at 54.1 against 56.2 six months ago. Three-month interbank 20½ per cent (21⅞ per cent six months ago). Annual inflation 15.5 per cent (16.1 per cent previous month)—The lira remained very weak at the Milan fixing, losing ground to all members of the EMS, and as far as other major currencies were concerned improving against only the dollar. The U.S. currency fell to L1,281.50 from L1,290.05, but sterling rose to L2,336.20 from L2,323.30, and the Swiss franc to L664.70 from L663.33. Within the EMS the Deutsche Mark rose to L555.75 from L554.92, and the French franc to L213.19 from L212.87.

THE POUND SPOT AND FORWARD

May 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8180-1.8280	1.8200-1.8210	0.28-0.38c dis	−2.17	0.76-0.86dis	−1.76
Canada	2.2200-2.2300	2.2230-2.2245	0.40-0.50c dis	−2.43	1.25-1.35dis	−2.34
Nethlnd.	4.65-4.69	4.66½-4.67½	1⅝-1⅛c pm	4.18	5⅛-4⅝ pm	4.33
Belgium	79.00-79.50	79.22-79.32	17-27c dis	−3.33	54-69 dis	−3.10
Denmark	14.22-14.33	14.23½-14.24½	8⅝-10⅛ore dis	−8.48	22⅝-23⅝dis	−6.48
Ireland	1.2120-1.2170	1.2150-1.2165	0.57-0.70p dis	−6.27	1.76-1.93dis	−6.07
W. Ger.	4.19-4.22	4.20-4.21	1⅝-1⅛pf pm	4.28	4⅝-4⅛ pm	4.16
Portugal	127.00-129.00	127.50-128.00	210-790c dis	−46.97	420-1650dis	−32.41
Spain	186.50-188.00	187.25-187.50	60-85c dis	−4.64	205-245 dis	−4.80
Italy	2,330-2,340	2,333½-2,335½	22-25 lire dis	−12.34	67-72 dis	−11.91
Norway	10.81½-10.89	10.82½-10.83½	5⅞-7ore dis	−7.00	10⅛-11⅛dis	−3.97
France	10.92-11.00	10.97½-10.98½	7-10c dis	−9.23	22⅝-27 dis	−9.11
Sweden	10.46-10.53	10.47½-10.48½	⅛ore pm-⅛ dis	0.07	1⅛-⅞ pm	0.33
Japan	420-427	424-425	2.25-2.05y pm	6.08	6.20-6.00 pm	5.75
Austria	29.50-29.70	29.56-29.61	13⅛-10⅛gro pm	4.87	34⅛-28 pm	4.24
Switz.	3.48½-3.53	3.48½-3.49½	3-2⅛c pm	9.45	8-7⅛ pm	8.88

Belgian rate is for convertible francs. Financial franc 85.95-86.05. Six-month forward dollar 1.29-1.34c dis, 12-month 2.30-2.45c dis.

THE DOLLAR SPOT AND FORWARD

May 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8180-1.8290	1.8200-1.8210	0.28-0.38c dis	−2.17	0.76-0.86dis	−1.76
Ireland†	1.4975-1.5020	1.4995-1.5000	0.57-0.47c pm	4.16	1.68-1.53 pm	4.25
Canada	1.2205-1.2220	1.2215-1.2220	0.02-0.05c dis	−0.34	0.17-0.21dis	−0.62
Nethlnd.	2.5600-2.5660	2.5600-2.5630	1.47-1.37c pm	6.64	4.06-3.96 pm	6.25
Belgium	43.50-43.56	43.54-43.56	3-5c dis	−1.10	11-16 dis	−1.24
Denmark	7.8100-7.8510	7.8100-7.8200	3⅛-4ore dis	−5.95	9⅛-8 dis	−4.73
W. Ger.	2.3040-2.3125	2.3090-2.3100	1.30-1.26pf pm	6.62	3.45-3.40 pm	5.93
Portugal	69.50-70.40	70.00-70.20	100-300c dis	−34.24	200-850dis	−24.25
Spain	102.55-102.95	102.90-102.95	18-28c dis	−2.55	68-80 dis	−2.87
Italy	1,281-1,283	1,281½-1,282½	11-12 lire dis	−10.75	32-35 dis	−10.45
Norway	5.9400-5.9630	5.9400-5.9500	2.20-2.50ore dis	−4.74	5.30-5.80dis	−3.73
France	6.0125-6.0350	6.0300-6.0350	3-3⅛c dis	−5.73	10⅛-11⅛dis	−7.14
Sweden	5.7450-5.7650	5.7450-5.7550	1.20-1.05ore pm	2.35	3.00-2.85 pm	2.03
Japan	232.75-233.45	233.20-233.30	1.67-1.57y pm	8.36	4.48-4.38 pm	7.60
Austria	16.22-16.27	16.22½-16.23½	10⅛-9⅛gro pm	7.29	26-23 pm	6.03
Switz.	1.9170-1.9315	1.9195-1.9205	1.89-1.81c pm	11.58	5.14-5.08 pm	10.62

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.1	−33.2
U.S. dollar	112.3	+5.2
Canadian dollar	87.8	−18.0
Austrian schilling	118.1	+26.0
Belgian franc	95.7	−1.4
Danish kroner	84.8	−12.6
Deutsche mark	124.3	+48.0
Swiss franc	149.9	+100.0
Guilder	115.8	+21.9
French franc	79.8	−14.6
Lira	54.1	−58.3
Yen	139.7	+34.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 6	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.62439	0.56678
U.S. $	12	1.13765	1.03409
Canadian $	15.28	—	1.26394
Austria Sch.	6¾	18.5027	16.8091
Belgian F.	14	49.4821	45.0161
Danish Kr.	11	8.92456	8.09435
D mark	7½	2.61585	2.38751
Guilder	8	2.91456	2.65193
French Fr.	9½	6.84126	6.22471
Lira	19	n.a.	1325.45
Yen	5½	265.326	241.047
Norwgn. Kr.	9	6.78267	6.15749
Spanish Pta.	8	n.a.	106.942
Swedish Kr.	10	6.55741	5.95461
Swiss Fr.	5½	2.18510	1.98598
Greek Dr'ch.	20½	70.8949	64.4414

*CS/SDR rate for May 5: 1.38500.

OTHER CURRENCIES

May 6	£	$		£ Note Rates
Argentina Peso	23,505-23,545†	14,000-14,050†	Austria	29.50-29.80
Australia Dollar	1.7075-1.7095	0.9380-0.9385	Belgium	85.70-86.70
Brazil Cruzeiro	282.0-283.0	154.85-155.61	Denmark	14.23-14.37
Finland Markka	8.155-8.165	4.4920-4.4940	France	10.92-11.02
Greek Drachma	111.155-114.557	62.35-62.55	Germany	4.18¾-4.22¾
Hong Kong Dollar	10.51-10.52⅛	5.7760-5.7810	Italy	2300-2340
Iran Rial	147.00*	81.40*	Japan	424-429
Kuwait Dinar (KD)	0.517-0.523	0.2852-0.2854	Netherlands	4.65½-4.69½
Luxembourg Fr.	79.22-79.32	43.54-43.56	Norway	10.82-10.92
Malaysia Dollar	4.16-4.17	2.2860-2.2890	Portugal	126-132½
New Zealand Dlr.	2.3480-2.3520	1.2895-1.2905	Spain	179¾-192¾
Saudi Arab. Riyal	6.22-6.28	3.4290-3.4300	Sweden	10.44-10.54
Singapore Dollar	3.7875-3.7975	2.0815-2.0845	Switzerland	3.49¾-3.53⅜
Sth. African Rand	1.9095-1.9115	1.0490-1.0500	United States	1.81¼-1.83¼
U.A.E. Dirham	6.67-6.73	3.6715-3.6735	Yugoslavia	90-99

† Now one rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0191	+0.72	+0.27	±1.5440
Danish Krone	8.18382	8.09435	−1.09	−0.94	±1.6428
German D-Mark	2.41815	2.38751	−1.27	−1.12	±1.1097
French Franc	6.19564	6.22471	+0.47	+0.62	±1.3743
Dutch Guilder	2.67296	2.65193	−0.79	−0.64	±1.5069
Irish Punt	0.686799	0.683854	+0.44	+0.59	±1.6689
Italian Lira	1305.13	1325.45	+1.56	+1.58	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

EXCHANGE CROSS RATES

May 6	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.821	4.205	424.5	10.98	3.493	4.668	2335.	2.224	79.27
U.S. Dollar	0.549	1.	2.310	233.2	6.031	1.918	2.564	1282.	1.222	43.54
Deutshemark	0.238	0.433	1.	101.0	2.611	0.831	1.110	555.2	0.529	18.85
Japanese Yen 1,000	2.356	4.289	9.906	1000.	25.87	8.227	11.00	5499.	5.239	186.7
French Franc 10	0.911	1.656	3.830	386.6	10.	3.181	4.251	2126.	2.025	72.19
Swiss Franc	0.286	0.521	1.204	121.5	3.144	1.	1.336	668.4	0.637	22.70
Dutch Guilder	0.214	0.390	0.901	90.95	2.352	0.748	1.	500.2	0.476	16.98
Italian Lira 1,000	0.428	0.780	1.801	181.8	4.703	1.496	1.999	1000.	0.953	33.96
Canadian Dollar	0.450	0.819	1.891	190.9	4.938	1.571	2.099	1050.	1.	35.65
Belgian Franc 100	1.262	2.297	5.305	535.5	13.85	4.406	5.888	2945.	2.805	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 6)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 11/16	offer 14 15/16	bid 14 5/8	offer 14 3/4

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12½-12¾	15⅜-15⅝	14-15	8½-8⅝	1⅛-1¾	8 9/16-8 11/16	17-20	18-20	14½-16½	14¾-15¼	5¾-6	20⅝-20¾
7 days' notice	12¾-12⅞	15½-15¾	14-15	8 7/16-8 9/16	1½-2	8⅝-8¾	19-21	21¾-34	15¼-17¼	14⅞-15⅛	6⅜-6⅝	20¼-20⅝
Month	13-13⅛	14⅞-15⅛	15-15⅜	8½-8⅝	3⅛-3⅝	8 7/16-8 9/16	21-22	23⅞-25⅝	15½-16½	14⅝-14⅞	6¾-6⅞	20⅞-21¼
Three months	13⅛-13¼	14⅝-15⅞	15⅛-15½	8⅜-8½	3⅞-4	8 7/16-8 9/16	21¼-22¼	24¼-25	15¼-16¼	14⅝-14⅞	6⅞-7	20⅜-20¾
Six months	13 1/16-13 3/16	14⅝-14⅞	15½-15⅞	8 7/16-8 9/16	4½-4⅝	8⅜-8½	21¼-22¼	23¾-24½	16-16½	14⅝-14⅞	6 15/16-7 1/16	19-19⅜
One Year	13 1/16-13 3/16	14¼-14½	15⅞-16¼	8½-8⅝	5-5⅛	8 7/16-8 9/16	19½-20½	23⅛-24¼	15½-16	14⅝-14⅞	6⅞-7	17½-17⅞

SDR linked deposits: one month 13½-13⅞ per cent; three months 13 5/16-13 9/16 per cent; six months 13 3/16-13 7/16 per cent; one year 12 13/16-13 3/16 per cent.

ECU linked deposits: one month 14 3/16-14 5/16 per cent; three months 14 1/16-14 7/16 per cent; six months 13⅞-14⅛ per cent; one year 13⅛-13¾ per cent.

Asian $ (closing rates in Singapore): one month 15-15⅛ per cent; three months 14 11/16-14 13/16 per cent; six months 14⅝-14¾ per cent; one year 14½-14⅝ per cent. Long-term Eurodollar two years 15¾-15½ per cent; three years 15¾-15½ per cent; four years 15⅜-15⅝ per cent; five years 15⅜-15⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.60-14.70 per cent; three months 14.40-14.50 per cent; six months 14.25-14.35 per cent; one year 14.20-14.30 per cent.

MONEY MARKETS

UK rates continue to fall

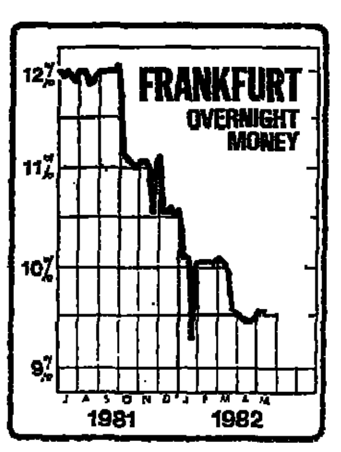
UK clearing bank base lending rate 13 per cent (since March 12)

Interest rates fell sharply yesterday on hopes of a peaceful solution to the Falklands crisis. However, information disclosed later in the day reducing the chances of a ceasefire left rates above the day's lows. Three-month sterling CDs were quoted at 13⅛-12 15/16 per cent down from 13⅝-13½ per cent, while three-month interbank rates fell to 13-13⅛ per cent from 13½-13⅝ per cent.

A shortage of around £50m was expected in the money market, according to the Bank of England's forecast. Factors affecting the market included bills maturing in official hands −£122m, offset by Exchequer transactions of £150m. There was no intervention by the Bank of England in the morning but during the afternoon the forecast was revised to a shortage of £100m and the Bank made purchases of £11m of bills, comprising £1m of eligible bank bills in band 1 (up to 14 days) at 13½ per cent and £10m of Treasury bills in band 2 (15-33 days) at 13 per cent.

Overnight money in the interbank market opened at 12¼-12½ per cent and traded between 12¼ per cent and 12¾ per cent before news of the small shortage saw rates fall to 11¾ per cent. Later in the day balances were commanding up to 13 per cent.

In Frankfurt the Bundesbank reintroduced the Lombard rate at 9 per cent. The announcement came after yesterday's fortnightly meeting of the central council. At the same time the special Lombard facility which was operating at 9.5 per cent has been closed. This special rate was introduced in February 1981 at 12 per cent and the ordinary Lombard rate, then standing at 9 per cent, was suspended. At that time the special rate was part of a Government package to tighten credit policies and yesterday's move reflects the authorities' success in containing inflation and also a steady improvement in Germany's current account. The Bundesbank also announced a further repurchase agreement to inject extra funds into the market. The authorities are inviting tenders on the 28-day facility at a minimum rate of 8.6 per cent, and funds will reach the market on Monday, compensating for a DM 5.8bn repurchase plan which matured last Wednesday.



EUROCURRENCIES

$ rates weak

Euro-dollar rates were generally easier yesterday, continuing Wednesday's weaker trend. Expectations of a further fall in U.S. money supply today were behind the downward movement and this also weakened the dolar in spot trading. In forward trading it was mostly firmer as interest rate differentials narrowed.

The D-mark's forward premium narrowed quite sharply despite a reduction in West German domestic rates while a fall in Euro-Swiss francs saw the Swiss franc lose ground in forward trading.

Eunro-sterling rates were lower but forward rates tended to fluctuate, one way on hopes of a peace settlement with Argentina and the other way when it became clear that certain conditions would firstly have to be met.

Elsewhere French and Italian rates tended to ease a little, corresponding with a slight improvement by both currencies in the forward market.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	15¼-15½
Treasury bills (13-week)	12.40
Treasury bills (26-week)	12.46

GERMANY

Special Lombard	9.50
Overnight rate	9.625
One month	9.225
Three months	9.05
Six months	8.90

FRANCE

Intervention rate	16.0
Overnight rate	16.5
One month	16.1875
Three months	16.1875
Six months	15.4375

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.09625

LONDON MONEY RATES

May 6 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	11¾-13	12¼-12½	—	—	12⅝-12¾	11½-12½	—	—	—
2 days notice	—	—	12¾-12⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12½ 12⅞	12⅞-13	—	—	13-13⅛	12¾-12⅞	—	—	—
One month	13⅛-12 15/16	13-13 1/16	13⅛	13⅞-13½	13	13⅜	12¾	12 11/16	12 15/16	13⅜
Two months	13⅛ 12 15/16	13 1/16-13⅜	—	13¾-13⅜	13⅛	13⅛-13⅝	12⅝	12¾	12¾	13½
Three months	13⅛ 12 15/16	13-13⅛	13¼	13¾-13⅜	13⅛	13⅛-13⅜	12⅛	12 11/16	12⅝	13½
Six months	13⅛ 12 15/16	13-13⅛	13¼	13¼-13	13¼	—	—	—	12 11/16-12⅜	13½
Nine months	13 1/16-12 15/16	13-13⅛	—	13¾-13⅜	13¼	—	—	—	—	—
One year	13⅛-12 15/16	13-13⅛	13⅜	13⅝-13¼	13¼	—	—	—	—	—
Two years	—	—	13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 14 per cent; four years 14⅛ per cent; five years 14⅛ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 9/16 per cent; four months trade bills 13⅛ per cent.

Approximate selling rates for one month Treasury bills 12⅞ per cent; two months 12⅝ per cent; three months 12 9/16 per cent. Approximate selling rate for one month bank bills 12⅞ per cent; two months 12 23/32-12 11/16 per cent and three months 12⅝ per cent; one month trade bills 13½ per cent; two months 13⅜ per cent; three months 13¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1, 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.9765 per cent.

Certificates of Tax Deposit (Series 5) 13⅛ per cent from March 8. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

[illegible]

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$25.39	26.60	......	4.62
Wardley Nikko As. Fd.	$38.13	39.60	......	2.53
Wardley Bond Trust	$9.82	10.00	......	8.80
Wardley Japan Trust	$15.42	16.14	......	1.12

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.70	......	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.3	40.9	......	6.60
Chinese Fund	75.8	78.9	−1.2	9.30
Precious Metal Fund	192.1	199.3	......	—
Vanguard Cmdy. Fd.	45.1	46.2	−0.7	—
Financial Futures Fd.	102.8	107.1	−2.3	—
Wren Intl. Fnd.*	$0.927	0.965	−0.02	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

66	58	Do. 3½pc 80-85 Asstd.	65	......	5.38	17.80
41	32	Do. 4½pc 87-92 Asstd.	40xd	......	11.25	17.60
372	318	Zimbabwe Ann (£100pa)	365xd	......	—	20.24

LOANS

Public Board and Ind.

66	57¾	Agric. Mt. 5pc '59-89	60	+1¼	8.56	14.56
29	24¾	Met. Wtr. 3pc 'B'	29	+¼	10.53	13.04
114	103	U.S.M.C. 9pc 1982	113	......	7.89	—
100½	94	Do. without Warnts.	100½	......	9.30	—

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

253	205	Alexanders D. £1	215	......	18.5	—	12.3	—
£63½	£56½	Algemene Fl.100	£61xd	......	026%	♦	8.8	♦
100	75	Allied Irish	80	......	043.9%	5.5	11.2	2.3
*16⅜	10⅞	Ansbacher (H.) 5p	11½	+½	10.35	—	4.3	—
260	200	Bk. Ireland £1	215	......	028.9%	—	11.0	—
5½	4	Bk. Leumi $0.1	5½	+½	016%	—	0.9	—
*227	190	Bk. Leumi (UK) £1	190	−5	10.15	—	7.6	—
180	153	Bk. N.S.W. $A1	163	......	024c	2.9	8.8	3.9
518	393	Bank Scotland £1	405xd	+7	21.0	4.5	7.4	3.5
510	432	Barclays £1	452	+4	¶22.0	5.1	8.3	3.0
240	220	Brown Shipley £1	233	......	h6.5	—	4.0	—
325	275	Cater Allen £1	315	......	23.1	—	10.5	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	10.3	20.7
33	20	Wankie Col. Z$1	23	+1	Q3c	1.2	10.4
21	16	Zam.Cpr.SBD0.24	17	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	19	......	—	—	—
7	$2\frac{1}{2}$	Argosy Gold NL 25c	3	......	—	—	—
151	62	Bond Corp.	65	+2	Q10c	2.3	9.8
82	63	Bougainville 1 Kina	80	+1	Q6½c	1.2	5.0
182	154	CRA 50c	176	+4	Q5c	—	1.7
17	$8\frac{1}{2}$	Canada Northwest	9	......	—	—	—
16	10	Carr Boyd 20c	12	......	—	—	—
56	22	Central Pacific	29	......	—	—	—
26	10	Cultus Pacific N.L.	$18\frac{1}{2}$	+3	—	—	—
27	14	Eagle Corp. 10c	20	......	—	—	—
23	14	Endeavour 20c	15	......	—	—	—
368	160	G. M. Kalgoorlie 25c	210	+5	Q3½c	0.9	9.4
10	$2\frac{1}{2}$	Great Eastern	3	$-2\frac{1}{2}$	—	—	—
63	38	Greenbushes Tin 50c	42	......	Q6c	1.9	8.6
170	134	Hampton Areas 10p	154	......	2.5	3.1	2.3
32	15	Haoma N.W.	18	......	—	—	—
22	9	Intl. Mining	15	......	—	—	—
30	10	Jimberlana (50cFP)	13	......	—	—	—
$9\frac{1}{2}$	$2\frac{1}{4}$	Kalbara Min 20c	4	......	—	—	—
100	60	Kitchener NL 25c	68	+2	—	—	—
14	9	Leichardt Expln.	13	......	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	23	......	—	—	—
$16\frac{1}{2}$	13	Burma Mines 10p	14xd	......	0.55	ϕ	5.6
130	35	Colby Res. Corp.	60	......	—	—	—
292	210	Cons. Murch. 10c.	220	......	Q60c	1.9	14.5
8	$5\frac{1}{2}$	‡‡Explaura Gold	6	......	—	—	—
105	65	Highwood Res.	85	−5	—	—	—
255	165	Northgate C$1	205	......	—	—	—
468	412	R.T.Z.	445	+4	16.0	2.1	5.3
£108½	£93½	Do.9¾%Cv.Ln. '95-2000	£103	+½	Q9½%	30.0	9.5
20	12	Sabina Inds. C$1	17	......	—	—	—
44	27	‡Southwest C. 10p	39	......	—	—	—
500	270	Tara Expln. $1	325	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value
- ¥¥ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	......			
Bertrams	17#	......	Conv. 9% '80/82	£96½	......
Bdg'wtr. Est. 50p	402	......	Nat. 9¾% 84/89	£69⅞	+⅛
Craig & Rose £1	£12¼	......	Fin. 13% 97/02	£73¾	+½
Finlay Pkg. 5p	27½	−1	Alliance Gas	70	......
Graig Ship. £1	£26	......	Arnott	210	......
Higsons Brew	82	+2	Carroll (P.J.)	74	+1
Holt (Jos) 25p	575	......	Concrete Prods.	90	......
I.O.M. Stm. £1	122	......	Heiton (Hldgs.)	19	......
Pearce (C. H.)	£11½	......	Irish Ropes	95	......
Peel Hldgs.	145	......	Jacob	70	......
Sheff. Refrshmt	75	......	T.M.G.	5	−2
Sindall (Wm.)	205	......	Unidare	43	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	10	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	16
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9		
Courtaulds	8	Nat. West. Bank	38	Brit. Petroleum	26
Debenhams	7	P & O Dfd.	14	Burmah Oil	10
Distillers	15	Plessey	32	Charterhall	6
Dunlop	6½	Racal Elect.	35	KCA	14
Eagle Star	31	R.H.M.	6½	Premier	6
F.N.F.C.	4	Rank Org. Ord.	20	Shell	30
Gen. Accident	28	Reed Intnl.	26	Tricentrol	22
Gen. Electric	65	Sears	6	Ultramar	38
Glaxo	42	Tesco	5½		
Grand Met.	17	Thorn EMI	42	**Mines**	
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	26
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday May 7 1982

Court orders disclosure of government documents

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ORDER for the most extensive disclosure of top government policy documents to be directed by the English courts has been made against the Trade Department.

The Department was ordered in the High Court yesterday to produce for a judge's inspection about 260 ministerial working papers detailing the formulation by Trade Secretaries between 1977 and 1980 of government policy relating to the British Airports Authority.

Mr Justice Bingham ruled that production of the documents was necessary if justice were to be done in a pending claim by 20 international airlines against the authority and the Trade Secretary over the increased landing charges at Heathrow airport.

He would inspect the documents privately to satisfy himself that they were relevant before ordering their production in the action, due to begin in October.

He deferred operation of the order to give the Trade Department time to appeal. It had claimed that disclosure would be contrary to the public interest.

The judge said the documents could be crucial in deciding the airlines' claim. The public interest in disposing fairly of the litigation outweighed any harm production would cause to government business.

"Documents as close as these to the inner processes of government have never previously been ordered to be produced in any litigation," he said.

"There are many proceedings in which the basis of a minister's decision is the subject of attack, but in none have his working papers been the subject of production."

The consequences of production could be far-reaching but it was not suggested it would embarrass the government in its relations with foreign states, or injure any national interest, the judge said.

Details, Page 8

U.S. proposes limit on Soviet credit

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR, IN PARIS

THE U.S. is renewing its attempt to organise Western financial sanctions against the Soviet Union with a proposal that the allies confine their credit offers to a pre-arranged quota.

First reactions from Europe are said to be cool, although the West German Government is understood to have produced a counter-proposal.

The U.S. suggestion has been made to the governments of France, West Germany, Italy and the UK. It is separate from proposals to charge the Soviet Union a higher rate of interest for export finance now under discussion at the Organisation for Economic Co-operation and Development (OECD) in Paris.

U.S. officials expect the quota proposals to be discussed formally at the Paris meeting. Talks on the proposal so far are described as "earnest."

Under the U.S. suggestion, the flow of officially-supported export credits to the Soviet Union would be measured over a given period. It would then be possible to decide on a new lower level for fresh credits. Within this total each country would be apportioned a quota based on its performance during the measured period.

The German counter-proposal is believed to favour an agreement to demand higher down-payments from the Soviet Union for capital goods. Under international guidelines a borrower has to pay a minimum deposit of 15 per cent. This could be increased to 25 or 30 per cent.

The U.S. move implies the Reagan Administration has abandoned efforts to win a freeze on all subsidised export credits to the Soviet Union. This effort reached a peak in March when Mr James Buckley, U.S. Under-Secretary of State, toured European capitals.

The hostile response to his plan has led the U.S. to adopt a modified approach aimed at lowering the level of financial assistance provided by the West to the Soviet Union.

It seems likely the latest U.S. ideas will be regarded with only slightly more favour than Mr Buckley's first proposal.

The reasons are much the same. European nations are generally reluctant to wage political warfare with Moscow by financial means, especially when the U.S. continues to sell grain to the Soviet Union.

Officials noted that the U.S. Export-Import Bank has no financial exposure in the Soviet Union and it is, therefore, easy for the Reagan Administration to suggest sanctions, the responsibility for which would largely fall on European countries, Canada and Japan.

Britain's position does not appear to have been precisely defined. There is concern that a quota system for credits based on historical performance would not be fair, because contracts for building the Siberia-West Europe pipeline have distorted traditional trading patterns.

A debate appears to be developing between those who wish to follow U.S. policy on the issue to keep its support on the Argentine question, and those who believe the only criteria for deciding the level of credits to the Soviet Union should be commercial.

Last December the U.S. imposed unilateral trade sanctions on the Soviet Union following the imposition of martial law in Poland. These included an embargo on certain types of oil and gas equipment needed by European companies to fulfil contracts for the Siberia-West Europe pipeline.

This caused deep concern in Bonn, London, Paris and Rome. It is expected that U.S. efforts to promote its credit quota proposal will be met by demands to lift the oil and gas equipment embargo.

Discussions are likely to intensify in the next month. The U.S. proposals could be raised at the economic summit at Versailles in June.

Export credit plan criticised, Page 6

Fears over EEC moves on employee participation

By John Lloyd, Labour Editor

THE U.S. Administration is increasingly concerned at the effects of forthcoming EEC legislation on employee participation on the operations of U.S.-based multinationals.

Mr Sherman Unger, general counsel to the U.S. Commerce Department, told a London seminar yesterday: "I see some problems coming out of this legislation. It is possible that there may be some extra-territorial regulation of our economy involved."

Mr Unger has had talks with European Commission officials in Brussels on the forthcoming legislation in response to intense lobbying by multinationals to have the legislation watered down or rejected.

Mr Unger said at the seminar the U.S. would not seek to change or influence legislation in other countries. He admitted, however, that there was growing and deep concern within the U.S. Congress and business community, especially over the so-called Vredeling proposals on disclosure of information to employees.

These proposals, still in draft form but likely to be enacted later this year, lay down obligations on companies employing more than 50 workers to consult their representatives on major decisions. They appear to give workers an effective veto over proposals of which they disapprove.

They incorporate a by-pass provision, under which union officials can demand to negotiate with a company's top management rather than local executives.

A number of U.S. senators have proposed blocking statutes to prevent the EEC legislation having effect on U.S. companies within their "home" country.

At the same time European employers, with the UK's CBI in the van, have been vigorously opposing Vredeling.

They have been supported by Conservative members of the European Parliament.

Group of Thirty urges dollar intervention

BY DAVID MARSH

A STRONG call for the U.S. Government to resume intervention on the currency markets to help control the movement of the dollar has been made by an international panel of monetary experts.

Recent fluctuations on exchange markets endanger national economic policies and stoke the fires of global protectionism, according to a report published today by the New York-based Group of Thirty central and commercial bankers, economists and industrialists.

The group calls for the U.S. and other countries to adopt a better "mix" between fiscal and monetary policies, to avoid a lop-sided fight against inflation.

Dr Johannes Witteveen, a former managing director of the International Monetary Fund, who is chairman of the group, called in London yesterday for greater international co-ordination of economic policies as a "very urgent" matter for the global economy.

The "first need" was for a solution to the problem of rising U.S. budget deficits, which were sustaining upward pressure on interest rates in the U.S. and elsewhere. The U.S. should "give up its very negative position on intervention."

The group's stress of the importance of curbing the U.S. budget deficit closely matches the line Sir Geoffrey Howe, the Chancellor of the Exchequer, has been taking in recent speeches.

He will have a chance to put the point again during talks with Mr Donald Regan, U.S. Treasury Secretary, in London today. Mr Regan is in Europe for the IMF meetings in Helsinki next week.

Co-ordinated central bank intervention should be used to back up domestic policies when "market forces" were pushing exchange rates clearly out of line, says the group.

There are clear differences on the issue between the Washington administration and the U.S. central bank, and the Federal Reserve. Dr Witteveen said Mr Anthony Solomon, president of the New York Federal Reserve Bank, and Professor Henry Wallich, a governor of the Washington Federal Reserve Board, both agreed with the recommendations. Each is a member of the group.

Rebuking the U.S. for what some European central bankers have called a new policy of "benign neglect" of the dollar, the groups says the fundamental issue is "the willingness, when necessary, to take exchange rate considerations into account in the formulation of domestic policies."

Details, Page 8
Men and Matters, Page 24

Bundesbank ends 'special' Lombard rate

BY STEWART FLEMING IN FRANKFURT AND LESLIE COLITT IN BERLIN

THE BUNDESBANK, the West German central bank, yesterday signalled its belief that the worst of the country's economic problems may be over by abandoning the crisis "special" Lombard interest rate introduced to defend the D-Mark in February last year.

The bank also took the opportunity presented by recent encouraging news on the balance of payments and the inflation rate and the strengthening of the D-Mark against the dollar to relax further its monetary policy.

Dr Karl Otto Poehl, Bundesbank president, said the Lombard move was a "signal" to West German commercial banks to lower their interest rates on loans to industry.

There were already signs that they were doing this, he said.

In returning to the normal Lombard system of supplying short-term credit to the banks, the Bundesbank reduced the rate from 9.5 to 9 per cent, the level prevailing before the 12 per cent "special" Lombard was set in 1981. The Lombard rate is the rate at which the Bundesbank will lend to commercial banks short-term.

The Bundesbank announced new measures to add short-term liquidity to the banking system. It said it would purchase short-term securities from the banks, to be repurchased in one-month at a minimum tender rate of 8.60 per cent.

Dr Poehl noted with satisfaction that confidence in the D-Mark had been restored to the extent that it rose yesterday to DM 2.30 against the dollar on the foreign exchanges.

The latest news about the U.S. budget gave rise to optimism that interest rates there would fall. "A 14 to 15 per cent interest rate (in the U.S.) with inflation at 5 or 6 per cent is hardly imaginable," he added.

The bank's decision to "uncouple" its interest rates from those in the U.S. had proved correct and West Germany should continue to put its own house in order and not "stare at the U.S."

The Lombard rate cut was the fifth since the bank took the first step towards easing its tight money policy last October. Then it cut the "special" Lombard from 12 to 11 per cent.

The steady fall in German rates since then, and the strengthening of the D-Mark against the dollar in the past three weeks, have raised bank hopes that it is slowly escaping from the influence of high dollar interest rates on its domestic monetary policy.

The Bundesbank's latest action has been encouraged by market reaction to the record March trade surplus of DM 6.5bn (£1.5bn) which has underpinned hopes of a balance or a surplus in the current account this year. Last year West Germany had a DM 17bn deficit.

The bank's estimate that the seasonally adjusted inflation rate was less than 2 per cent in the first quarter of the year (albeit under the influence of falling oil prices) has been another factor.

The continuing recession in the domestic economy and high unemployment levels are putting pressure on the Bundesbank to ease interest rates when this is possible without risking a setback for the D-mark on the foreign exchanges.

Although the bank hopes the latest moves to ease its monetary policy will lead to a further cut in the cost of credit, the measures do not appear to signal any abrupt easing in monetary policy.

The central bank has cautiously kept the Lombard rate cut to one half a percentage point and avoided any more which might be interpreted as pumping too much liquidity into the banking system.

Continued from Page 1

Pound gains

London dealers said the recent sharp fall in the Government's borrowing requirement—which means a war can be financed without unduly straining the anti-inflation strategy—has been a prime influence calming the market's nerves. Additionally, the foreign exchanges see Mrs Thatcher in less political danger than at the start of the crisis a month ago—although sentiment could swing back quickly if events in the South Atlantic start to go against Britain.

News of the U.S. budget compromise gave an early boost to trading on Wall Street. Bond and share prices increased sharply when the markets opened, but levelled out in the middle of the day as investors took stock of the tortuous political path the latest proposals must still run before they become reality. The markets were also helped by better news on the Falklands crisis.

Falklands hopes

Continued from Page 1

days. The Foreign Office appears to have taken advantage of the shock and international unease caused by the sinking of the Argentine cruiser, the General Belgrano and the loss of HMS Sheffield, to press for more negotiations. Its view was backed by the Cabinet, many of whose members share these worries.

The Foreign Office has been arguing for flexibility, following an Argentine commitment to withdraw. Its apparent view is that the islanders should not have a veto over any longer-term deal and that their rights, not their wishes, should be regarded as paramount.

Two complementary sets of talks have been under way.

First, a seven-point U.S.-Peruvian plan to which Mrs Thatcher said the UK had made a "very constructive response." The UK is working primarily via Mr Haig, but the Foreign Office has had direct contact with the Peruvian Government in Lima, where there are already two senior Argentine officers.

Second, ideas put forward by the UN Secretary General, which apparently cover an immediate cease-fire phased with withdrawal of forces and interim UN administration and longer-term negotiations on sovereignty. The UN Secretary General apparently does not believe he should be directly involved, though is willing to appoint an aide to use his "good offices."

Mrs Thatcher welcomed the UN ideas, though she said they were very much a framework, without any specific details, no timetable and no practical arrangements for implementation. But she said they did link cessation of hostilities with Argentine withdrawal as a basis for discussion.

In Buenos Aires Sr Frugoli would not go into detail about the UN initiative, but said his government would be open to any settlement that safeguarded Argentina's "honour and legitimate rights."

Diplomats in Buenos Aires meanwhile confirm that Argentina's military junta would almost certainly insist on formal recognition by Britain of its sovereignty claims over the islands at an early stage in negotiation at the UN before completing the withdrawal of its troops. The sources believe any peace initiative will founder unless Britain agrees first to withdraw its task force.

sisted on casting Agentina again in the role of innocent defender against British aggression. He said the sinking of the Argentine cruiser Belgrano last Sunday was an affront against the "conscience of humanity," but that the sinking of the Sheffield was a "matter for the British Government." The Argentine Government yesterday claimed that 680 of the estimated 1,048 crew members on board the Belgrano had been rescued, but refused to give any casualty figures.

Weather

UK TODAY

RATHER cold, though many places warmer than of late.

S.E. England
Brighter after cloudy start with scattered showers later. Max 12C (54F).

N. Ireland, Wales, West of England and Western Scotland
Cloudy with outbreaks of light rain. Cool. Max 10C (50F).

Central England and Scotland
Dry with sunny periods after early mist and fog. Max 11C (52F).

Outlook: Becoming milder with rain in places.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	17	63	L. Ang.†		—	—
Algiers	C	22	72	Luxmbg.	C	8	46
Amsdm.	C	9	48	Luxor	S	31	88
Athens	S	20	68	Madrid	S	14	57
Bahrain	S	31	88	Majorca	C	20	68
Barclna.	C	17	63	Malaga	S	21	70
Beirut	F	21	70	Malta	S	19	66
Belfast	F	8	46	Mchstr.	F	11	52
Belgrd.	F	24	75	Melbne.		—	—
Berlin	C	8	46	Mx. C.†		—	—
Biarritz	C	10	50	Miami†	F	20	68
Bmghm.	C	10	50	Milan		—	—
Blackp'l	C	10	50	Montr'l†	C	12	54
Bordx.	C	10	50	Moscow	C	21	70
Boulgn.		—	—	Munich	C	10	50
Bristol	F	12	54	Nairobi	F	23	73
Brussels	C	9	48	Naples	R	20	68
Budpst.		—	—	Nassau		—	—
Cairo	S	26	79	Nwcstl.	C	5	41
Cardiff	C	11	52	N York†	F	16	61
Casbca.		—	—	Nice	F	17	63
Cape T.		—	—	Nicosia		—	—
Chicg.†		—	—	Oporto	S	15	59
Cologne	F	15	59	Oslo	F	10	50
Cpnhgn.	S	9	48	Paris	C	10	50
Corfu	S	21	70	Perth		—	—
Denver†	F	0	32	Prague	C	9	48
Dublin	C	8	46	Rykjvk.	F	5	41
Dbrvnk.	F	18	64	Rhodes	S	20	68
Edibgh.	Sn	3	37	Rio J'o†		—	—
Faro	S	19	66	Rome	R	17	63
Florence	C	18	64	Salzb'rg	F	11	52
Frankf't	F	13	55	S'cisco†		—	—
Funchal	C	16	61	St. M'ritz		—	—
Geneva	F	9	46	Singapr.	S	28	82
Gibrltr.	S	21	70	S'tiago†		—	—
Glasg'w	C	6	43	Stckhm.	C	10	50
G'rnsey	F	9	48	Strasb'g		—	—
Helsinki	F	21	70	Sydney		—	—
H. Kong	C	24	75	Tangier	S	18	64
Innsbr'k	S	15	59	Tel Aviv	S	22	72
Invrnss.	F	7	45	Tenerife	C	15	59
I.o.Man		—	—	Tokyo	C	23	73
Istanbul	F	14	57	Tor'nto†	C	10	50
Jersey	F	9	48	Tunis	S	24	75
Jo'burg		—	—	Valencia	F	18	64
L. Plms.	C	19	66	Venice	C	18	64
Lisbon	F	9	48	Vienna	F	19	66
Locarno	R	11	52	Warsaw	C	21	70
London	C	6	43	Zurich	C	8	46

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

THE LEX COLUMN

An oversugared dividend

British Sugar is thoughtfully providing S and W Berisford with every encouragement to take a capital gain on its 40 per cent holding, rather than to launch a new offer when the moratorium expires in July. The interim dividend has been doubled (a smaller increase than last year) and the company is forecasting full year profits of about £60m. Best of all, profits for the six months to March are 71 per cent ahead at £31m.

British Sugar may regard yesterday's 10p rise in the share price to 500p as small reward for such bounty. But Berisford is likely to sit tight in any case. It paid about 290p on average for its British Sugar shares and the running yield of over 17 per cent is comfortably ahead of its funding costs. British Sugar's policy of distributing almost all its earnings means that Berisford receives a gross dividend almost equivalent to the net payment to its own shareholders.

Berisford is sitting on a book profit of over £50m, but this would be heavily whittled down by tax, were it to sell. And it probably has little appetite for an offer around the 600p level. So it may wait for British Sugar to slow down and this is already starting to happen. The benefits of rationalisation came through strongly in the first half, when the company was also buoyed by exceptional price increases and productivity gains. Second half gross margins will be under more pressure and British Sugar will be burdened with the full funding cost of its RHM holding, entered at cost despite a £2m book loss.

UDS

Since its £35½m rights issue at 93p a share—in 1979 UDS has come out with progressively more dismal figures. With yesterday's pre-tax profit of £11.4m, excluding property items, for the year to January, the dividend has at last been chopped back—by a total 42 per cent. The shares slumped by a quarter yesterday to 55p, at which they yield 9¼ per cent—nearly twice the stores average.

Operating profits were down by a fifth, despite £4½m of loss elimination from the disposal of John Myers and trading profits in the continuing UK businesses fell by almost £10m. The bad weather hit volume hard in the crucial final quarter, but there were also serious merchandise and marketing problems at Richard Shops, once the group's star business.

The last quarter's operating cash flow fell short of budget by roughly £6m, contributing to a £24m cash leakage for the full year. The dividend decision should be looked at in the light of this figure; the time-honoured expedient of paying shareholders out of the proceeds of property sales could not go on in perpetuity. UDS is capitalised at less than a third of its stated £330m net worth.

Index rose 1.5 to 576.9

due to the runaway success in England in the home loan business, effectively at fine rates. Meanwhile, the less conservative policy on accounting for deferred taxation on leasing business continues to bump up retained earnings. Since the Royal must be one of the most highly capitalised banks in the country, this simply underlines further its need to reach a decision on where it is going. The shares fell 4p yesterday to 102p. Assuming the increase in the interim dividend is repeated at the final, the yield is 9.1 per cent.

Royal Bank

The profits surge in the second half of the Royal Bank of Scotland's last financial year looks very much a flash in the pan in the light of a small decline to £43.1m pre-tax in the six months to March. The key reason for the stagnant performance has been a squeeze on margins in the mainstream banking business. Domestic advances are up by 18 per cent, but both current and seven-day deposits have risen at a considerably slower pace than this, so the bank has had to resort increasingly to funds from the wholesale markets.

Profits at Williams and Glyn's have been more sluggish than at the Scottish operation, mainly

Gerrard & National

After coming through a difficult first half just about unscathed, Gerrard and National has enjoyed much more favourable money market conditions in the second half of its year to April 5—and would have done better still had gilt-edged prices not fallen steeply on its balance sheet date. Reported pre-tax profits are down from the 1980-81 record of £5.8m to £4.3m, which is probably a fair enough reflection of the degree of slippage, while real net worth must now be somewhat above £50m compared with a published £32.1m.

Gerrard is busy positioning itself through joint ventures in the New York money market and in financial futures. In the discount house, meanwhile, April was a profitable month overall despite the Falklands—since the Bank of England raised its dealings rates by very much less than rates rose in the interbank market. Gerrard has felt able to lift its total dividend by 12½ per cent which puts the shares, up 5p yesterday at 263p on a yield of 8.9 per cent in line with Union Discount. The price is roughly a third above the yield on the financial group average, and neither share looks expensive.